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FINANCIAL TIMES

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Friday January 27 1978

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LONGINES
World's Most Honoured Watch

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.8; ITALY L.580; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Pes.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.8; EIRE 15p

NEWS SUMMARY

GENERAL

Nuclear sky spy debris peril

Debris from the Soviet spy satellite which fell out of orbit on Tuesday is probably on the ground and emitting "extremely dangerous" radiation levels, Mr. Barney Danson, Canadian Defence Minister, said in Ottawa.

Parts of the nuclear-powered satellite had been tentatively pinpointed near Baker Lake, a remote area of northern Canada. The source was being investigated by a Canadian and U.S. nuclear alert team.

The rays were dangerous and it might require tons of lead shielding to remove the debris, the Minister said. It was still impossible to estimate the size of the object on the ground and it could be days before it could be tackled.

Mr. Alexei Kosygin, the Soviet Premier had sent a personal message to Mr. Pierre Trudeau, Canadian Prime Minister, offering complete co-operation in handling the satellite matter, Mr. Danson said.

The U.S. yesterday welcomed French disarmament proposals which include an international system of control satellites.

Tanks out in Tunis riots

Tunisia declared a state of emergency in the wake of bloody riots during yesterday's general strike. Several people were reported killed and a curfew was imposed on the capital. Tanks were used as violence flared in protest against attacks on trade union offices and the arrest of union members. Page 3

Ransom sought for Empain

Kidnapers of Baron Edouard-Jean Empain, the Belgian industrialist, have demanded a ransom from his family, who were reported to have received a letter written and signed by the baron. Police are convinced that the ransom is a professional gang whose motives are not political as had been supposed.

Salisbury setback

Hopes that a Rhodesian internal settlement might be announced in Salisbury before Monday's talks between Britain and the Patriotic Front diminished last night after a day of inconclusive talks. Back and Page 3

Ship blows up

A Liberian freighter, *Eva Maria*, 1,966 tons, carrying three tons of explosives, blew up in the Gulf of Mexico yesterday. Its crew of 26 are missing.

Immigrant check

Twelve foreign restaurant workers were rounded up in a South West End. The men from Egypt, Sudan, Greece, Cyprus and Spain were thought to have entered the country as students.

Rail fares report

A Price Commission report on British Rail fares which is due out next month is expected to criticise the policy of higher increases for commuter fares. Page 7

Briefly

Nine people were arrested in Greater Manchester last night after hundreds of demonstrators besieged a National Front meeting at Hyde Town Hall.

Water supply systems in many large U.S. cities have excessively high levels of chemicals known to cause cancer, the U.S. Environmental Protection Agency warned. Page 4

Five prisoners were injured when riot police stormed Madrid's Carabanchel prison to break up a mutiny.

A blizzard battered the U.S. middle west, shutting down businesses.

BUSINESS

Gilts fall as Bank sto MLR cut

GILTS suffered widespread falls as the Bank of England stepped in to prevent a further cut in MLR today. The Bank gave a clear signal through its intervention in the money markets that it did not want the rate to come down from its present 6 1/2 per cent. Falls of 1 in longs and 1 in shorts were extended in inter-office business as the Government Securities index closed 0.42 down at 76.37.

EQUITIES were affected by the Midland Bank rights issue, and the FT Ordinary index closed 7.4 down at 475.3.

STERLING closed unchanged at \$1.9325, and its trade-weighted index was 66.5 (66.4) its highest since April 1976. The dollar's depreciation narrowed to 4.86 (4.89).

GOLD fell \$2 to \$175 1/2.

WALL STREET closed 9.1 down at 763.34, a new low for the year.

COPPER prices fell to two-year lows following renewed speculative selling. Cash wire-

bars closed \$12.25 down at \$122.25 a tonne. Page 29

U.S. basic money supply—\$111.9 rose to \$337.4bn. (\$336.6bn.) for the week ended January 18, and the broader M2 to \$812.0bn. (\$810.6bn.), seasonally adjusted.

EEC COMMISSION has prepared a strategy to encourage European investment in raw materials industries of the Third World in order to ensure the Community's supplies of raw materials and promote industrialisation of poorer countries. Back Page

NCE figures show a rise in productivity in areas which have adopted productivity schemes, especially in the Midlands pits. There faceworkers at several pits have earned more than £30 a week extra in bonus payments. The last stronghold of resistance to the schemes, in South Wales, has gone, when miners voted to drop their opposition. Pages 6 and 8

BRITISH LEYLAND has been warned by the Prime Minister that the Government has done all it can to rescue the company, and that its survival depends on management and workers. Meanwhile, another two BL directors have resigned. Back Page

ROLLS-ROYCE is likely to need a substantial injection of development money for new engine programmes over the next five years. Page 7

DAVY-LOEWY of Sheffield has won a £68m plant contract for the Minas Gerais steel complex in Brazil, taking total U.K. contracts to more than £235m. Page 4

INCHCAPE reports pretax profits at half time only marginally improved at £34.42m, against £32.87m. Page 21 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Avon 163 + 9

Bancroft Hawkes 294 + 4

British Cigarettes 59 + 7

Caledonian Cinemas 305 + 15

Davy Intl 239 + 5

Dales Properties 36 + 4

Lonsdale Universal 65 + 5

Mills and Allen 145 + 10

Monkslow (R) 231 + 8

Sound Diffusion 49 + 4

Turner Int 119 + 13

Western Canada Inv 640 + 80

Witell (H) 283 + 6

Wills (G) 381 + 41

FALLS

Eschequer 51pe 72 139 - 1

Kocher 131pe 96 1144 - 1

Bareillys Bank 320 - 25

Costain (R) 290 - 10

Fitch Lovell 57 - 5

General Accident 224 - 8

GUS A 354 - 6

Hawthorn & Crossfield 138 - 5

Inchcape 390 - 20

Marks and Spencer 146 - 5

Midland Bank 370 - 27

NatWest 268 - 28

Tate and Lyle 205 - 5

Turner and Newall 211 - 6

Vickers 187 - 11

Vesper 183 - 9

Yarrow 250 - 15

Anglo American 266 - 17

Beesley Dig 291 - 11

General Mining 1143 - 1

Kloof Gold 474 - 23

Libanon 494 - 24

Messina 90 - 6

Randfontein 231 - 11

Southern Malayan 245 - 10

Europe poll win as Ministers try to save devolution

BY RICHARD EVANS, LOBBY EDITOR

The Government seems set to complete the European Assembly elections Bill on target after achieving the guillotine on the committee stage, the major Parliamentary hurdle, by an impressive majority in the Commons last night.

Victory by 314 votes to 137, a majority of 177, did something to restore Ministers' bruised morale after the defeat of the week on the "green pound" and last Tuesday, coupled with a hint on the Scotland Bill, which threatened to wreck the Government's devolution plans.

Ministers intend to table compromise amendments to the Scotland Bill that seek to reverse some of the damage done, but the prospects of success seem remote.

The handsome guillotine win means that the remaining stages of the Bill legislating for direct elections to the European Parliament should be rapidly completed in a further three days of debate, and the measure should reach the Statute Book by the summer.

This will give ample time for the Boundaries Commission to draw up the 81 constituencies, and for the elections to take place by the new target date of May or June 1979.

Ministers feared that had the Mr. Albert Booth, Employment guillotine been lost, opponents of the Bill on both Labour and Tory benches would delay its passage interminably, and divided on the issue, though the measure reaching the Statute Book at all this session.

A hard core of 61 Labour MPs carried out their threat to vote against the guillotine timetabling National Party and some Ulster

debate, but the revolt was well contained by the stern warning contained by the stern warning to the Parliamentary Labour Party by Mr. James Callaghan and Mr. Peter Shore, Secretary of the Environment.

Two former anti-market rebels, Mr. Albert Booth, Employment Secretary, and Mr. Bruce Millan, voted for the guillotine.

The Conservatives were also divided on the issue, though the measure reaching the Statute Book at all this session.

The Labour rebels were joined by 61 Tories, the Scottish

Unionists in voting against the guillotine. But 151 Tories backed the Government's policy.

The legislation appears safe, although nothing can be certain in the present session, as the past week has shown, partly because the Labour rebellion was contained and partly because of a policy decision in the Tory leadership in the last few days.

When the guillotine was announced a week ago it appeared that about half the Tories would oppose it on the grounds that they refused to aid the Government's legislative programme.

But since then party leaders have said behind the scenes that for the party to be seen taking an anti-EEC stance would be widely misinterpreted.

The outlook for the Government is far less promising on the Scotland Bill, partly because opposition comes from a much wider spectrum of the Labour Party, as well as from the Tories.

Ministers will find it hard to meet the diverse arguments against their devolution proposals.

After a prolonged inquest yesterday, including a discussion in Cabinet on the extraordinary events that led to serious obstacles being placed in the path

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Swan Hunter may lose another deal

BY IAN HARGREAVES AND CHRISTIAN TYLER

SWAN HUNTER, the Tyneside shipbuilder, faces the loss of a lucrative Royal Navy contract because of labour problems, which yesterday formally sealed its exclusion from the £15m merchant ship order for Poland.

This further threat to jobs at Swan Hunter emerged as the group's chance to retrieve four ships from the Polish contract disappeared with the refusal of boiler-makers' shop stewards to give a guarantee of normal working.

The Navy apparently is anxious to place immediately an involvement contract with Swan Hunter. This would permit the ordering of materials for its third through-

Shipbuilding orders, Page 7

Japan cutbacks, Back Page

deck cruiser. The Navy has been told it cannot do so in the present circumstances.

Although the Navy would not confirm this position last night, it was believed in the industry that the placing of the contract was imminent. This single vessel could be worth almost as much as the entire Polish order, although it has never been officially valued.

Vickers and Swan Hunter each has a cruiser under construction, but the Navy is known to have preferred the Tyne yard for its third contract. A period of negotiation similar to that which has spun out the Polish negotiations now seems likely.

The boiler-makers' decision came as Mr. Michael Casey, chief executive of British Ship-

builders, was signing the contract in Poland. It will damage Swan Hunter's chances for other orders it is pursuing, and it bodes ill for union leaders' efforts to find a permanent solution to historic inter-union pay grievances on the Tyne.

About 800 jobs are thought to be at risk as a result of the Polish affair, but an announcement from Swan Hunter is not expected for 10 days. Loss of the Navy order obviously would make the position much worse.

Shop stewards at the Govan yard on the Clyde, which has been given the bulk of Swan's lost orders, are meeting today. They are thought unlikely to block the extra work, but before taking any decision they will ask officials of the Confederation of Shipbuilding and Engineering Unions to handle these allocation problems in future.

Mr. James Arlie, stewards' convenor, said: "I do not believe that, if there is any danger to the Polish order, it should be solely on the decision of the Govan shop stewards' committee."

Govan is to get three of the four ships lost as a result of the Tyneside boiler-makers' refusal to return to their flexible working arrangements and to drop a pay claim which is said to be a breach of the Government's incomes policy and the TUC's 12-month rule.

It has already taken one of three other Polish ships reallocated when Swan Hunter's

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Midland plans rights issue

By Michael Blanden

MIDLAND BANK announced yesterday that it was asking shareholders to put up £36.4m of new capital in one of the biggest rights issues made.

The news brought sharp falls in the prices of all the big four banks' shares, with Midland ending with a drop of 27p at 320p. National Westminster lost 22p at 268p and Lloyds fell 20p to 268p.

Other big banks were reluctant to comment on their own prospects, though National Westminster indicated that it was not planning a rights issue.

Barclays, the only one of the big four which did not make an issue in the last round in 1975-76, said that its capital requirements were kept under constant review.

The setback in prices came in spite of a profit forecast from

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EUROPEAN NEWS

Three Christian Democrats in new Portugal Cabinet

BY JIMMY BURNS

LISBON, Jan. 26.

THE PORTUGUESE Prime Minister, Sr. Mario Soares, announced his new Government here tonight at a hastily convened conference following consultations with political figures lasting for more than a week. The final 15-man list of Ministers was approved by President Antonio Ramalho Eanes this afternoon. It consists of ten Socialists, three Christian Democrats and two independents.

Sr. Soares described his new Government as having a "socialist base with personalities from the CDS" (Christian Democrats), with the exception of the Ministry of National Defence which is retained by the army in the person of Colonel Mario Firmão Miguel, the Minister in the previous administration. It was, he said, a very different Government from the first constitutional one, and the circumstances which the country now faces are totally different.

The major innovation is that the Christian Democrats now take control of three Ministries — Foreign Affairs, Trade and Tourism, and a new body, the Ministry of Administrative Reforms.

The last named will be headed by Dr. Rui Pena, 38, a lawyer. Trade will be under Dr. Basílio Horta, 34, also a lawyer. The new Foreign Minister is Dr. Victor de Sa Machado, a lawyer aged 44.

Members of the Socialist Party who were regarded by the Christian Democrats during the negotiations as being dangerously left-wing have not been included in the new Government, thus removing obstacles to the eventual compromise.

The new Socialist Minister of Finance, for example, is Dr. Victor Constâncio, 34, a former yachtsman who has been in Portugal and a man known for

his outspoken views on an austere economic policy leading eventually to the entry of a strengthened Portugal into the Common Market. His Ministry combines the former Planning and Economic Co-operation and Finance Ministries.

The former Planning Minister, Sr. António Sousa Gomes, goes to Housing and Public Works. The former Finance Minister, Dr. Henrique Medina Carreira, has no portfolio in the new Government.

The new Minister of Agriculture, Dr. Luís Sáiz, is expected to pursue the controversial policy of returning some of the land expropriated since the military coup of 1974 to its original owners.

The new Government will start working tomorrow on their programme, which has to be presented to the Assembly in Parliament before Thursday.

Sweden row over claim linking loans and uranium

By William Dullforce

STOCKHOLM, Jan. 26.

MR. OLOF PALME, the Social-Democratic opposition leader, claimed last night that Sweden had been borrowing heavily abroad against the guarantee of uranium deposits, which Mr. Thorbjörn Fälldin, the Prime Minister, had no intention of developing.

The charge, made in a radio debate, was "categorically denied" by Mr. Fälldin, who said the Centre Party is committed to halting Sweden's nuclear power programme.

Mr. Palme said Sweden's Randstad list contained 85 per cent of Europe's uranium deposits, and was a significant factor in the credit assessments of foreign lenders. But Mr. Fälldin's Centre Party had been blocking plans for exploitation of the uranium by the State-owned LKAB mining company.

The clash came as the ruling non-Socialist coalition approaches another internal crisis over energy policy. Next month the Government will have to decide on credits for initial construction work on the country's eleventh nuclear power station.

EEC Commission borrowing plans

BY DAVID BUCHAN

BRUSSELS, Jan. 26.

EEC finance ministers will next month be asked to authorise the Commission to raise up to 1bn. European units of account (Ecu) on the international capital markets for big energy, industrial and infrastructure projects.

As several member states, in particular West Germany, have insisted that the European investment bank use its long experience to manage the new Community loans, the Commission has after some reluctance now settled on a share-out of responsibility between itself and the EIB.

The Commission is to do the borrowing, and leave the Luxembourg-based bank, whose Board of directors is made up of national finance ministers, to administer the individual loans.

The new loan plan, prepared by M. Francois Ortoli, the EEC Finance Commissioner, covers "broadly similar areas" to those covered by existing EIB loans, a top bank official said today. But he pointed out that the bank has its own lending ceiling on any one project — half the total cost, or 80m. u.a.

The "Ortoli" loan money, which would be raised in tranches with the approval of the Council of Ministers, could be used to top up the Community contribution to certain big projects, such as the Channel tunnel, or to finance other "broadly similar areas" to those covered by existing EIB loans, a top bank official said today. But he pointed out that the bank has its own lending ceiling on any one project — half the total cost, or 80m. u.a.

Officials are the creation of an Anglo-French electricity grid link across the Channel, thermal energy and North Sea oil development.

How the capital markets would react to the European Commission borrowing under yet another name is still not known. EIB officials to-day did not see "the Bank and the Commission getting in each other's way, unless the market becomes very tight."

Preparations are already under way in Brussels for the renewal of the first Lome Convention, due to expire at the end of this year. It provides for trade and aid arrangements between the EEC and 46 African, Caribbean and Pacific countries — a large part of the developing world, and embodies a fund to compensate commodity-producing countries for losses in their export earnings.

The idea of using the convention to try to enforce respect for human rights in the developing world was first broached last summer by the British Foreign Secretary, Dr. David Owen, following reports of widespread

atrocities committed by the Amin regime in Uganda.

But, although the Nine agreed to halt any EEC aid to Uganda which could be used for non-humanitarian purposes, closer examination revealed that there were serious practical obstacles to stopping the automatic payments made through the Stabex commodity earnings fund.

M. Chysson said to-day he felt that some reference should be made in the new convention to the violation of human rights, because the emotional public reaction which such incidents created in Europe could rob the

Support for Lome pact human rights clause

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Jan. 26.

THE IDEA of including an explicit reference to the respect of basic human rights in the text of the next Lome Convention — the present one links the EEC and 46 African, Caribbean and Pacific countries — was backed to-day by the EEC Development Commissioner, M. Claude Chysson.

But he suggested that it would be very difficult, politically and technically, to make the payment of aid funds under the convention conditional on observance by recipient governments of a code of humanitarian conduct.

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M. Chysson said to-day he felt that some reference should be made in the new convention to the violation of human rights, because the emotional public reaction which such incidents created in Europe could rob the

EEC of popular support for its aid programmes. He said that he had discussed the subject with representatives of 25 Convention signatories.

It is understood, however, that the Commission is reluctant to press the issue too hard. A number of developing countries have said that, if human rights are to become a major topic of attention in their relations with the EEC, they will want to raise questions concerning policies of European governments on matters such as equality of employment and treatment of immigrants.

Bonn bugging outcry revives

BY JONATHAN CARR

BONN, Jan. 26.

HERR GEORG LEBER, the West German Defence Minister, is coming under renewed pressure to resign, following revelations in Bonn of another "bugging" affair.

This time not only members of the opposition parties are demanding that the Minister step down. Criticism is growing in his Social Democrat Party (SPD) and in its coalition partner, the Free Democrats (FDP).

Much of this criticism is more

in sorrow than anger. Most deputies recognise the services Herr Leber has rendered as a Minister for more than 11 years in Bonn, most of which were devoted to the defence of the Federal Republic. The feeling is now strong that he should step down as soon as a moment comes when he can do so with honour.

This week, it has been confirmed that the apartment of one of Herr Leber's secretaries was bugged by the military counter-intelligence services (MAD)—

without Herr Leber's knowledge in 1974.

Herr Leber had known the secretary was being investigated and was soon told that suspicion had been directed at her grounds. She is still in his employ. But he was only told of the bugging early last year.

Bonn was then involved in the "Traube affair"—when Herr Werner Maihofer, the Interior Minister, came under fire for permitting the bugging of the house of an atomic scientist suspected of associating with terrorists.

Herr Maihofer told the Bundestag this had been the only such bugging incident. It now transpires that neither he nor Chancellor Helmut Schmidt had been told by Herr Leber of the incident involving the Defence Ministry secretary.

This matter on its own might not have raised a great stir. But it follows a series of other damaging incidents in Herr Leber's sphere of authority, particularly the revelations last year of the betrayal of military secrets to East Germany, already being challenged by Mr. Fälldin's Centre Party.

New leaders for industry

BY OUR OWN CORRESPONDENT

BONN, Jan. 26.

WEST GERMANY'S two top employers' organisations have found new leaders to succeed Dr. Hanns Martin Schleyer, who headed both until murdered by terrorists last October.

The next president of the Federation of German Industry (BDI) is to be Dr. Nikolaus Fasolt, aged 56. He is a leading figure in the ceramics industry, a brilliant linguist—and a relative of the writer Vladimir Nabokov.

The boss of the Federation of German employers' association (BDA) will be Dr. Otto Esser, aged 60, a man of long experience in the chemicals sector. He has been acting president since Dr. Schleyer's death.

Both men will be proposed at extraordinary meetings of members of the respective organisations, and seem certain to be voted in unopposed.

The immediate question asked is whether Herr Leber has full control of his Ministry and of the activities of military counter-intelligence.

Home appliances production rise

BY GUY HAWTIN

FRANKFURT, Jan. 26.

WEST GERMANY'S domestic appliance manufacturers saw output increase by a real 5 per cent in 1977, to reach DM9.1bn (£2,230m.). This year is expected to produce further, although somewhat slower, growth with output increasing by between 2 and 3 per cent.

Home demand for domestic appliances went up by a real 4 per cent. In contrast to previous years, the increase was rather better than small ones.

Growth in the small machine sector amounted to about 4 per cent, and sales of the large household appliances increased by between 5 and 6 per cent.

Overseas sales were adversely affected both by the current economic climate of weak demand in the European market and also by the strengthening of the Deutschmark against the dollar.

Germany's most important trading partners, exports were worth some DM3.4bn, a real 3 per cent up on 1976's performance. Imports, at the same time, rose by 7 per cent to DM1.5bn.

The largest sales increase came in the electrical motor sector, where turnover went up by a nominal 9 per cent to DM2.85bn. Production of electrical heaters rose by 6 per cent, to just under DM2.5bn, and refrigerator sales grew 6.5 per cent to DM1.7bn. Washing machines fared much worse, with turnover advancing by 0.5 per cent, to DM1.8bn.

Adrian Dick reports from Bonn: The West German dock strike, affecting 18,000 workers in the country's seven largest ports, ended its second day this evening with no sign of any fresh peace initiative. But there was an indication that the public service union, GfV, which is organising the strike, might settle for less than the 9 per cent it originally claimed when Herr Siegfried Mertens, deputy president of the union, said he expected at least "a six before the decimal point."

A report by the Zentralverband der Elektrotechnischen Industrie (ZVEI), the central association of the electro-technical industry, said that the domestic appliance manufacturers last year accounted for 12 per cent of the electrical sector's production.

This year, in spite of the sales increase, capacity utilisation in the domestic appliance sector was expected to remain at an unchanged 70 to 80 per cent, while the number employed in the industry was expected to remain stable at 84,000.

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Engineers inspire Citroen's post-merger revival

BY TERRY DODSWORTH

BRITISH LEYLAND's spectacular financial collapse in 1974 was the symptom of a deep malaise in the smaller-sized European motor companies. While the UK's two big firms, Ford and Vauxhall, together an expensive rescue plan for its biggest exporter, the French Government moved in to assist Citroen, pushing it into the arms of Peugeot rather than British Leyland.

But now, in yet another Government-backed rescue and the sale of Daimler-Benz to Volvo, the fact that neither Leyland

nor Volvo has fared well since then suggests that there is a great deal of force behind the argument that medium-sized producers in Europe are being normalised by bank credit. "To state the UK's two big firms, Ford and Vauxhall, together an expensive rescue plan for its biggest exporter, the French Government moved in to assist Citroen, pushing it into the arms of Peugeot rather than British Leyland.

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ABBEE NATIONAL

BUILDING SOCIETY
Announces that with effect from 1st February, 1978, the following investment interest rates will apply until further notice:-

ON BALANCES ON EXISTING ACCOUNTS AT 31st JANUARY 1978

Share Accounts	6.00% p.a. = 9.09%*
Deposit Accounts	5.75% p.a. = 8.71%*
Build-Up Shares	7.25% p.a. = 10.98%*
Bondshares (6th ISSUE)	

3 YEAR TERM	7.00% p.a. = 10.61%*
2 YEAR TERM	6.50% p.a. = 9.85%*

BONDSHARES (ALL PREVIOUS ISSUES) INTEREST RATE REDUCED BY 0.75% P.A. DIFFERENTIAL OVER THE BASIC SHARE RATE BEING THIS MAINTAINED.

ON ALL NEW INVESTMENTS INCLUDING MONEY ADDED TO EXISTING ACCOUNTS

Share Accounts	5.50% p.a. = 8.33%*
Deposit Accounts	5.25% p.a. = 7.95%*
Build-Up Shares	6.75% p.a. = 10.23%*
Bondshares (6th ISSUE)	
3 YEAR TERM	6.50% p.a. = 9.85%*
2 YEAR TERM	6.00% p.a. = 9.09%*
S.A.Y.E. CONTRACTUAL SAVINGS. Rates remain unchanged.	
At end of 5 years equivalent to:	8.31% p.a. = 12.58%*
At end of 7 years equivalent to:	8.62% p.a. = 13.06%*

*When income tax is paid at basic rate of 30%.

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information to shareholders of:

STET—Società Finanziaria Telefonica p.a., Turin/Rome, ITALY SIP—Società Italiana per l'Esercizio Telefonico p.a., Turin/Rome, ITALY ITALCABLE—Servizi Cablografici, Radiotelegrafici e Radioelettrici S.p.A., Rome, ITALY

The Board of Directors of STET, SIP and ITALCABLE have decided, after a thorough review of the capital structures of their companies, to convene an Extraordinary General Meeting of Shareholders of the respective companies to resolve upon an:

INCREASE OF THE SHARE CAPITAL OF STET, SIP AND ITALCABLE

Increase of the share capital of STET and of SIP, partly by subscription and partly free, and increase, wholly free, of the share capital of ITALCABLE, through the issue and distribution of new ordinary shares each of a nominal value of 2,000 lire;



RECENT GROUP PROGRESS

The following figures are indicative of the progress achieved by the Group during the past five years:

- acquisition of 3.1 million new subscribers; installation of nearly 5 million new telephone sets and of 148,000 new public telephones; automatic handling of a growing volume of millions of local, long distance and intercontinental calls.
- the Group now serves more than 10.7 million subscribers equipped with 16 million telephone sets, and has some 340,000 public telephones in service; annual traffic is of the order of 7,700 million local calls, 2,400 million long distance calls, 6.4 million intercontinental calls and 7.4 million telex messages.
- at the international level, the service is well placed in terms of telephone density (28.5 sets per 100 population, against a European average of 33); and since 1970 subscribers have enjoyed direct-dialling facilities throughout the entire network.

Underlying these results is a continuous, massive investment programme (the average age of the Group's plant is only 8 years) aimed at an optimum balance of service throughout Italy, in order to meet the social and economic requirements of the entire nation.

In the five years from 1973 to 1977 the Group's plant investment expenditure totalled approximately 5,300 billion lire, of which SIP alone accounted for more than 5,000 billion lire. During that period the Group employed an average of 125,000 personnel and the investment projects provided employment for a further 150,000 people.

STET GROUP CONSOLIDATED BALANCE SHEET

(billion lire)			
ASSETS	at 31/12 1972	at 31/12 1976	at 31/12 1977
Fixed Assets			(preliminary data)
Property	358	948	1,100
Telecommunications plant	2,545	6,946	8,300
Other fixed assets	141	385	400
	<u>3,044</u>	<u>8,279</u>	<u>9,800</u>
Inventories	170	673	800
Securities and non-consolidated shareholdings	19	27	20
Cash and funds with banks	24	84	80
Subscriber and customer receivables	242	776	1,000
Sundry debtors	146	514	500
	<u>3,645</u>	<u>10,353</u>	<u>12,200</u>
LIABILITIES			
Equity	at 31/12 1972	at 31/12 1976	at 31/12 1977
STET	387	1,048	1,100
Interest of third parties	291	756	740
Income for financial year	41	44	60
	<u>719</u>	<u>1,848</u>	<u>1,900</u>
Depreciation funds	887	2,105	2,500
Other funds	259	808	900
Financial debt			
Long-term	1,103	2,989	3,600
Medium-term	68	480	550
Short-term	95	535	550
Accounts payable	91	518	700
Sundry creditors	423	1,071	1,500
	<u>3,645</u>	<u>10,353</u>	<u>12,200</u>

Notes

- (a) The increase in the value of fixed assets is attributable as to approximately 5,300 billion lire for new investments and approximately 1,400 billion lire for revaluation, mainly in conformity with the related legislation of December 1975.
- (b) Financial debt shows an increase of some 3,400 billion lire, while STET Group equity has increased by approximately 1,200 billion lire.
- (c) The increase in the depreciation funds is attributable as to 1,250 billion lire for annual appropriations and 360 billion lire upon application of the abovementioned revaluation legislation.
- (d) Available reserves subsequent to the revaluation legislation and available for utilisation amount to 920 billion lire (included in the item "Equity" totalling 1,900 billion lire).
- N.B.—The item "Fixed Assets" (book value 9,800 billion lire at 31.12.1977, still lower than the current market value), consists mainly of telecommunications plant which at the time of expiry of the concession (1996 for SIP and ITALCABLE) will, in the event of non-renewal, be indemnified at their market value.

During the period 1973-1977 STET, SIP and ITALCABLE have, as in preceding years, regularly declared and paid dividends, as set forth below.

Dividend per 2,000 lire nominal value share

	STET	SIP	ITALCABLE
1973 General Meeting	Lire 157	Lire 140	Lire 140
1974 " "	" 160	" 140	" 140
1975 " "	" 160	" 140	" 150
1976 " "	" 180	" 140	" 160
1977 " "	" 200	" 140	" 180

As a consequence of the increases in share capital shown below, the size of the annual dividend has increased in proportion to the volume of capitalized reserves.

Share capital increases (billion lire)

STET	SIP	ITALCABLE
of which transfer from reserves	of which transfer from reserves	of which transfer from reserves
1972 from 225 to 260 5	1972 from 445 to 500 15	1974 from 18 to 24 2
1973 from 260 to 280 4	1973 from 500 to 560 15	1976 from 24 to 32 5

FUTURE ACTIVITY

Since demand for telecommunications services is growing rapidly throughout the world (even in those countries where the telephone density is appreciably higher than in Italy), the STET Group is still engaged in a major investment effort, as shown by the programme presented to the government at the end of 1976, summarizing future investments, at 1976 plant costs, of 1,260 billion, 1,290 billion, 1,314 billion, 1,352 billion, 1,387 billion lire respectively in each of the years from 1977 to 1981.

In formulation of this investment programme, account has also been taken of the need to maintain employment levels and to contribute to the economic development of Southern Italy.

The pace of implementation of the programme is obviously conditional upon the ability to obtain the financing necessary to meet that proportion of investment not covered by internally generated funds: and, in its turn, self-financing capability is closely tied to the existence of an equitable tariff structure. In this respect the Group maintains a continuing dialogue with the Government authorities regarding the necessary modifications to its tariff structure in order to meet the increasing capital and operating costs of the nation's telecommunications system. Constant attention is devoted to financing problems, which to date have been resolved also by virtue of the confidence displayed in the Group by the domestic and international financial markets.

Furthermore, the difficulties facing the Italian economy in general, and the stock market in particular, in recent years have inhibited the possibility of an adequate contribution of risk capital to the procurement of the necessary funds: as a consequence of the deferment of new-issue operations pending an improvement of the stock-market situation there has been a deterioration of the ratio between self-financing and borrowing which the Group has at all times sought to maintain since its foundation in 1933.

In this situation it would have been a mistake not to ensure—also by way of an increase of risk capital—the further development of a fast growth sector such as telecommunications. This view is in accordance with the directives issued by the Ministry of Post and Telecommunications and by CIPE (the Interministerial Committee for Economic Planning): and it enjoys the full support of IRI (the Institute for Industrial Reconstruction) as well as of the consortium of banks, headed by Mediobanca, whose underwriting guarantee will assure the successful completion of the proposed share capital-increase operations.

It is in the context of these prospects of continued growth that the STET Group is inviting its Shareholders, who have never failed to demonstrate their confidence in the Group's management policies, to approve the capital-increases described below. This programme envisages: the increase of the share capital of STET and of SIP (partly by subscription, partly free issue, through transfer of tax-exempt reserves) which will be utilized exclusively for investment in telephone-service operations; and the wholly free issue increase of the share capital of ITALCABLE, through utilization of part of the reserve created pursuant to Law No. 756 of 2 December 1975. Subscription of the new shares is synonymous with participation in the STET Group operations, since 1933 devoted to the continuous improvement and extension of Italy's telecommunications service, a vitally important service in the economic and social life of the entire nation.

OUTLINE OF THE CAPITAL-INCREASE PROGRAMME

STET—Increase of share capital from 280 to 520 billion lire. The proposed 240 billion lire increase envisages subscription of 140 billion lire of new shares (one new share for each two shares currently held) and the free issue of 100 billion lire of new shares (five new shares for each fourteen shares currently held) by means of a transfer from tax-exempt reserves. The new shares will rank for dividend from April 1st, 1978.

SIP—Increase of share capital from 560 to 880 billion lire. The proposed 320 billion lire increase envisages subscription of 160 billion lire of new shares (two new shares for each seven shares currently held) and the free issue of 160 billion lire of new shares (two new shares for each seven shares currently held) by means of a transfer from tax-exempt reserves. The new shares will rank for dividend from January 1st, 1978.

ITALCABLE—Increase of share capital from 32 to 40 billion lire. The proposed 8 billion lire increase envisages the free issue of shares for a like amount (one new share for each four shares currently held) by means of a transfer from tax-exempt reserves. The new shares will rank for dividend from January 1st, 1977.

THE TERMS AND CONDITIONS OF THE AFOREMENTIONED ISSUES WILL BE ANNOUNCED IMMEDIATELY AFTER APPROVAL OF THE RELATED RESOLUTIONS BY THE RESPECTIVE EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS, WHICH WILL BE HELD DURING FEBRUARY 1978.

HOME NEWS

CBI seeks pay information role for select committees

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A RADICAL new function for the Parliamentary Select Committee system — which would involve one of the committees being given a major role in trying to spread economic understanding and explaining what the country can afford in wage rises — is being considered by the Confederation of British Industry leaders.

The ideas involve a new national body being set up to advise on pay and economic affairs. It would be kept separate from Government or ministerial control or interference, and would have direct links with a new Parliamentary select committee.

Although no final decisions on the CBI's ideas have been taken yet, they would break new ground in political and parliamentary terms and are especially significant at a time when the

powers of the Select Committee on Nationalised Industries have been brought into question over the steel industry's problems. One idea is that a select committee itself could perform the functions of a pay body, backed up by expert research staff. Another is that an outside body could be set up which would be responsible to, and report to, a select committee.

The plans are being drawn up by the CBI as part of its proposals for medium and long-term reform of Britain's pay bargaining system and are similar to Conservative Party ideas.

Yesterday, Sir John Mettivan, CBI director-general, referred to the work the confederation is doing in a speech at an Industrial Society conference in London where he called for talks on pay systems between the Government, CBI and TUC.

He added: "But I wish at all costs to avoid getting into the problems of norms or any form of corporatism in which bodies like the Government, the TUC and CBI try to settle between them what the nation can afford on pay."

This means that the CBI wants to avoid the sort of pay Boards that have existed in the past and is aiming instead at a body with educational and propaganda functions, rather than regulatory ones. Its primary job would be to improve public understanding of economic realities and wages so that a national consensus could be built up.

The body would have an academic flavour, although it might have a governing council that could include representatives of the CBI and TUC. Its first task would be to present an annual economic

analysis to the select committee. This would include an assessment of what could be afforded in wages.

Secondly, the body would back this with three-monthly or six-monthly progress reports on how its analysis was turning out. Thirdly, it would provide factual reports in individual disputes so that, for example, during the firm's recent pay row, there would have been a completely independent source of information.

Such reports, it is thought, could be requested by either the select committee or the Government, but there would be no attempt at any interpretation of Government policy. The body would not, therefore, become a relative board as was being developed early in 1974 at the end of the last Conservative Government's term of office.

Pact with miners brings increased output

BY JOHN LLOYD

FIGURES TO be published today by the National Coal Board will show a rise in productivity in a number of areas.

Officials are encouraged by the first signs of success in the productivity agreement which is now either operating or being phased in all areas except South Wales.

The areas where "significant" increases in output per man-shift — the CBI standard measure of productivity — have been recorded are North Derbyshire, North Eastern, North Nottinghamshire, South Nottinghamshire, South Midlands and Western.

These areas include some of the richest coal seams in the U.K.

The majority of these areas voted for the productivity agreement in a nationwide ballot, but the overall vote of the miners was against it.

Most of the areas immediately applied for their own productivity agreements after the ballot, and have thus been working under a bonus scheme for some time.

Decline
The Coal Board believes that the agreement will yield increasing output of between 10 and 15 per cent.

However, figures published yesterday by the Department of Energy show that the Government is less optimistic about coal's immediate future.

The Department estimates that consumption of coal will decline slightly (from 123m. tonnes in 1977 (provisional figure) to 121m. tonnes this year).

The Department comments: "Deep-mined output which in 1977 fell to about 104m. tonnes from 105m. tonnes in 1976, is forecast to show a small increase, largely as a result of new investment and a reversal of the recent decline in manpower productivity."

Labour News, Page 8

Brick output declines

Financial Times Reporter

GOVERNMENT statistics released yesterday show that brick production declined slightly towards the end of last year.

Provisional figures collected by the Business Statistics Office on behalf of the Department of Environment, show that some 350m. bricks were produced in December, with 292m. delivered to building sites. Stocks, however, rose from 308m. to 388m., representing about two months' current production.

Brick production dropped by 1 per cent in the last quarter of 1977 and was around 4 per cent down over the corresponding period of last year. Deliveries in the last quarter were 3 per cent lower than in the previous quarter, but only 1 per cent down on the 1976 figure.

In 1977 as a whole, production of bricks dropped by 6 per cent and deliveries were down by 12 per cent, compared with 1976.

Man-made fibres trade continues downward trend

BY RHYS DAVID, TEXTILES CORRESPONDENT

A SHARP fall-off in trade in the U.K. producers is the way in which the year sent away as the year proceeded. Output last year down to its lowest level since 1968, according to industry figures published yesterday.

The industry, which has been suffering from over-capacity of as much as 25-30 per cent in Europe over the past few years, managed to stage a partial recovery in 1976, increasing its output from only 562,000 tonnes in 1975 to 618,000 tonnes.

The latest figures show, however, that in spite of a good start to the year this improvement was not maintained in 1977. Output fell again to only 551,820 tonnes — a 33 per cent drop on the 1973 peak figure of 730,840 tonnes. In the last quarter of 1977, production at only 151,140 tonnes was down 25 per cent on the quarterly average for the 1976s as a whole.

The poor U.K. figures are likely to be repeated throughout Europe when figures for production in EEC member countries become available.

EEC cutback
Several major European groups, including most recently Rhone-Poulenc, have announced plans for a major cutback in man-made fibre production facilities.

Total losses in 1977 by all Europe's man-made fibre groups are likely to exceed the £500m. figure recorded in 1975 and the European Commission is studying ways of dealing with the industry's serious structural problems.

Perhaps most worrying for deliveries.

Producers have been able to increase prices on some speciality yarns but are still failing to keep pace with cost increases in bulk lines such as polyester filament.

Output of commercial textiles could have been much worse but for the strong export performance registered by the industry. Export deliveries at 241,000 tonnes accounted for 43 per cent of total deliveries, and were roughly the same as in 1976, despite the overall fall in

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Instant cash 'banks' extended

BY MICHAEL BLANDEN

BARCLAYS BANK is taking another important step in the development of automated banking services by doubling the number of its Barclaybank outlets.

The machines, installed mainly outside bank branches, enable customers to withdraw cash up to £50 a day at any time. They also provide a service which allows customers to obtain the balance on their account, and to order a bank statement or cheque book.

Barclays has ordered 100 more NCR machines for delivery from early 1979. It is expected that the new machines will be installed mainly "through the wall" of bank branches, rather than inside branches or on other sites such as shops, to provide a 24-hour cash withdrawal service.

Major towns

The extra machines will be installed in towns with populations of more than 50,000 to give reasonable national coverage. So far coverage has been limited in some areas, particularly the north.

The bank's Barclaycash dispensers, which give £10 at a time, are nearing the end of their useful life, the bank said. They are to be withdrawn gradually over the next two years.

Mr. John Quinton, a general manager, said that in the two years since the Barclaybank has been introduced "we have satisfied ourselves about the machines' reliability and their usefulness to customers."

Pink farms rise

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Oil 'must be used to cut direct taxes'

PROPOSALS for using North Sea oil revenues mainly for boosting industrial confidence by cutting direct taxation, rather than for massive State intervention in industry, are being urged in Whitehall by the Department of Industry.

This emerged publicly for the first time yesterday when Sir Peter Carey, the Department's Permanent Secretary, said in a speech at the Industrial Society conference that the oil resources should be used first "to create an economic climate in which industry will want to step up its investment."

Sir Peter's outspoken remarks reveal the line that his Department has been taking, along with the Treasury, in what is becoming an increasingly bitter battle between senior Ministers on the oil issue.

"Reduction of the tax burden could also be a worthwhile use of the oil resources. Lower levels of income tax, and thus a higher reward for work, are likely to increase motivation and application to work," he declared.

This would be a "useful, broadly-based means of helping to improve our industrial performance and productivity at

the same time as increasing people's real take home pay."

He warned that the benefits of the North Sea should not be dissipated in a "bonanza of self-indulgence which will leave us in 30 years time as weak as we were when we are now."

He said industrial investment must be the primary target. Because of this, "fiscal and monetary policies must be pursued in a manner which offers the prospect of steady and sustained growth without risking abrupt reversals of policy."

Sir Peter also acknowledged the other side of the political debate: that the Government

should tackle industrial problems directly through a massive expansion of financial assistance to industry.

But, significantly, he failed to spell out any proposals for this beyond explaining the Government's current industrial assistance schemes.

The conference, entitled "Towards a Common Purpose," was connected with a new publication from the Industrial Society called "Why Industry Matters" outlining ways in which industry should improve its own image, communications and participation.

Fears over nuclear delay

By David Fishlock, Science Editor

LEADERS in the nuclear industry are worried that a campaign will be launched to delay any Government decision about British Nuclear Fuel's £600m. reprocessing project. This comes after the Government's go-ahead for new nuclear power stations.

Mr. Peter Shore, Minister of State, told Parliament yesterday that he had received the 450-paragraph report of Mr. Justice Parker, on last summer's Windscale inquiry.

Although Mr. Shore gave no hint of its findings, groups opposing the project were convinced well before the end of the inquiry that it would find in favour of the project.

Orders for 67 ships won by State yards

By Ian Hargreaves,
Shipping Correspondent

YARDS NOW in the British Shipbuilders organisation booked orders for 67 merchant ships of 517,152 gross tons last year—an intake roughly equivalent to half the industry's total annual capacity.

The order book at the end of 1977 stood at 137 ships of 1,568,014 gross tons, valued at £533m. Just less than half of these orders—58 ships of 764,778 gwt and worth £387m.—are for overseas registration.

On the naval side, the total order book is for 44 ships valued at £544m. Three of these ships were ordered in the final quarter of the year.

Merchant ship orders were up 35 per cent. on a gross tonnage basis on 1976 and the majority of the 1977 orders—450,000 gwt out of a total of 517,152 gwt—were taken after British Shipbuilders' vesting day in July.

British Shipbuilders said yesterday that extremely difficult market conditions were expected to continue for a long time. The corporation's response was to develop a "thriving, broadly based marketing strategy, associated with a concerted effort to increase cost-effective working in yards, so ensuring the highest possible competitiveness."

The next major marketing trip by British Shipbuilders will be to India and Pakistan next week. This comes after recent visits to Mexico and the Far East.

British Shipbuilders moves formally into its new headquarters in Salford Road, Newcastle upon Tyne, on Monday. The corporation's marketing division will occupy premises in Knightsbridge, London.

Reliant Motor director quits over programme

THE RESIGNATION yesterday of Mr. Barry Wills, 36, director of product development at Reliant Motor, the Tamworth manufacturer of Scimitar estate cars and three-wheelers, makes him the third director to quit since Nash Securities acquired the company last year. It takes effect at the end of the month.

Mr. Wills said last night he had been unsettled since the takeover and had been unable to reconcile himself to the programme proposed after Mr. Ray Wiggins, former managing director, had left. The other director, who resigned last October, was Mr. Roger Musgrove, in charge of marketing.

Before the takeover Reliant was collaborating with Leyland Cars in development of specialist models such as soft-top sports cars, which would have filled gaps in the Leyland range. This has been drastically revised by the new management, which also reduced the forward programme for Scimitars, substantially down from the 80-a-week planned by the former management.

This is hardly fair, for while it does detail many of the problems that have frustrated the development of the first generation of North Sea oil fields it also relates the progress that has been made in bringing such vast complex and costly projects to fruition.

Conoco is faced with developing a medium-sized field in some of the deepest, fiercest waters so far tackled by the oil industry. The cost of the development is put at around £500m, which will make Murchison by far the most expensive single construction job that the U.S. group has ever undertaken.

However, Conoco and its partners benefit from the fact that Murchison will be the first of the second generation of North Sea fields. Hence Mr. Gregg's determination to draw on the experience gained by those involved in the first generation—Forties, Brent, Piper and so forth.

"Some of the important things that they have shown are the need for the thorough pre-planning of the project; the need for substantial completion of design work in advance of the platform's fabrication; and the need for a well-thought out project management concept," said Mr. Gregg.

These prerequisites might, in the project either. The other Norwegian partners in the venture (again assuming that they control a total of 17 per cent. of reserves) are Statoil (8.5 per cent.); Mobil (2.55 per cent.); Shell (1.7 per cent.); Esso (1.7 per cent.); Saga (0.32 per cent.); Amoco (0.18 per cent.); Texas Eastern (0.18 per cent.); and Amerasia (0.18 per cent.).

Rolls-Royce outlines project cash needs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has told the Government, through the National Enterprise Board (which owns the company), that it is likely to need a substantial injection of development cash for new engine programmes over the next five years.

In its development plan for 1978-82, recently sent to the Government and the NEB, the company makes no specific cash requests. But it identifies the major programmes it expects to work on over the period and estimates its likely total cash needs amounting to several hundred million pounds.

The programmes include continued development of the RB-211 engine in various versions, with emphasis on the 524 model with upwards of 48,000 lb thrust, and the 535 model of 32,000 lb thrust. There is also a new engine, the RB-423, of about 30,000 lb thrust, which is a replacement for the existing Spey, in the short-to-medium range airliner market.

A fourth venture might be the RB-401, a new engine of about 5,500 lb thrust, for business jet aircraft. The 524 model of the RB-211 is already in production for long-range Lockheed TriStars and Boeing 747 Jumbo jets. The company sees a continuing big market for this engine.

Only limited sums have been spent so far on the 535 version of the RB-211 and on the RB-423, but Rolls-Royce believes that both could become big ventures and even be vital to the company's continued existence.

At this stage, Rolls-Royce cannot say precisely when markets for any of these engines will emerge. Much will depend on what the world's aircraft-makers do and on what the main U.S. and European airlines want.

Rolls-Royce is trying to get the RB-211 model 535 into the next generation of Boeing short-to-medium range jets, on which a production decision is expected by his summer.

The five-year plan also contains forecasts of financial results. The company yesterday denied reports that it lost £100m. last year. It said it would break even, against a loss of £22m. in 1976.

The company also dismissed as "baseless" suggestions that cumulative losses over the next five years might amount to as much as £350m.

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The company's aim in sending the Government its five-year plan now is to give advance warning that it may need big sums of development cash—perhaps even starting later this year—and that it may need the money quickly, to get programmes rolling.

It wants to be sure that the Government and the NEB are not taken by surprise but are able to respond quickly. Such speed of response is considered vital if new engines are to be developed on time to meet market demands.

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Spending on industry 'too low'

FINANCIAL TIMES REPORTER

THE LEVEL of manufacturing investment in the U.K. was ridiculously low, Sir Fred Catherwood, chairman of the British Overseas Trade Board, said yesterday at Birmingham University.

"British industry desperately needs the tools to maintain its momentum in export markets," he added. "Our investment per worker has been consistently lower than that of all our major competitors and the time has come when we must catch up."

In the seven years to 1976, for every £1,000 of British investment the Americans had spent £1,455, the Canadians £1,642, the Germans £1,648, the French £2,079 and the Japanese £2,100.

More investment was a major necessity if we were to increase our share of world trade.

Airport fees cut

The British Airports Authority is cutting charges at its four Scottish airports—Aberdeen, Edinburgh, Glasgow and Prestwick—and at Stanstead, Essex, for light aircraft operators, including business aircraft, from February 1.

SE change

Mr. Jeffrey Knight, deputy chief executive of the Stock Exchange, is to relinquish direct responsibility for the management of the quotations department to allow him to play a greater role in major policy issues. Mr. Knight's successor will be Mr. Gavin Fryer, who will have the title of head of quotations.

Humber tolls

The Transport Department is to be asked to approve a car toll of 80p for crossing the 261m. Humber Bridge.

Europe move

The Association of the British Pharmaceutical Industry is joining the industry trade associations of 13 other West European countries to form a European federation. It is hoped that the new European Federation of Pharmaceutical Industries Associations will begin operations in the late spring. The headquarters will be in Brussels.

Judgment in 'agent' case reserved

THE JUDICIAL Committee of the Privy Council yesterday reserved judgement in the appeal by the Australian Mutual Provident Society, of King William Street, Adelaide, against the decision of the South Australia Supreme Court that the society must pay £43,228 to Mr. Lancelot John Chaplin, of Sabina Street, Salisbury, South Australia, in lieu of long service leave.

Mr. Terry McRae, for Mr. Chaplin, said that he was an agent of the insurance society. The society denied that he was employed by them and contended that he was a self-employed agent.

For a large portion of the structure, the pay zone is around 300 feet deep giving total estimated recoverable reserves of around 380m. barrels, assuming a 45 per cent. recovery rate. It is expected that peak production rate will be 150,000 barrels a day with an average rate nearer 130,000 b/d.

However, there is a complicating factor in that part of the field, perhaps 15 to 17 per cent. lies in Norwegian waters. While it is hoped that a field unitisation agreement will be signed this summer it is recognised that it could be 1979 or even 1980 before the British and Norwegian Governments sign a formal international treaty.

Conoco happens to be a partner in consortia on each side of the median line so, assuming that 83 per cent. of the reserves lie in the U.K. (the figure used by the Riggs National Bank of Washington) the company holds a 29.36 per cent. stake in the field as a whole. Working on this basis the U.K. partners—Gulf and British National Oil Corporation—each have a 27.66 per cent. share of the reserves.

ENOC gained its interest following the transfer of the to the Sullom Voe oil terminal in the Shetland Islands. The Conoco group has taken it over the pipeline capacity sector of the transportation exchanged (in some form of oil from the Hutton Field, paper deal) with oil produced

in the project either. The other Norwegian partners in the venture (again assuming that they control a total of 17 per cent. of reserves) are Statoil (8.5 per cent.); Mobil (2.55 per cent.); Shell (1.7 per cent.); Esso (1.7 per cent.); Saga (0.32 per cent.); Amoco (0.18 per cent.); Texas Eastern (0.18 per cent.); and Amerasia (0.18 per cent.).

Irrespective of how much lies on each side of the line, all of the produced oil will be carried via the Brent pipeline system from the Sullom Voe oil terminal in the Shetland Islands. This transport arrangement could well lead to a unique North Sea swap agreement. For one option now being discussed is that oil from the Norwegian field of Murchison will be exchanged (in some form of oil from the Hutton Field, paper deal) with oil produced

from the U.K. portion of the Norwegian-dominated Statfjord Field. It is a happy coincidence that partnerships in the neighbouring fields are identical.

If the deal comes off it will be another example of how the offshore producing regime is maturing. In the North Sea (south of the 62nd parallel) exploration is continuing in five different national zones. To the south and west the French and Irish have their own offshore areas adjoining those of the U.K. Therefore, it seems reasonable to assume that over the next few years oil companies will find several more fields that straddle median lines such as Statfjord and Murchison.

Strike boosts cost of fire damage to record £261.7m.

BY JOHN MOORE

THE FIREMEN'S strike pushed the cost of fire damage in Britain to a new record of £261.7m. last year.

This is nearly £26m. more than the previous record set in 1974, when the Fireborough explosion accounted for £36m. of the £237m. total.

Damage in 1976 amounted to £231.7m.

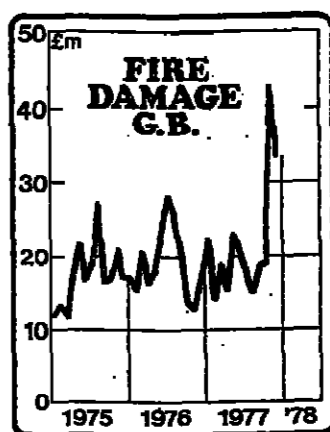
Latest figures from the British Insurance Association show that the damage figure for December of £33.5m., although lower than November's £42.7m. was still nearly double the average for the month.

December's figure was not as high as originally feared, however. The long holiday period, when industry shut down, checked the rise.

Without the firemen's strike, last year's figures would probably have been lower than those for 1976. For the ten months to October the cost of damage was £185.2m.—3 per cent. less than in the comparable period of 1976.

January's figures will still show the effects of the strike as the firemen did not return to work until the 16th.

The number of fires estimated to have cost over £1m. or more for the full year fell from 26 in 1976 to 15 in spite of the strike. The number of fires costing more than £25,000, however, rose by 76 to 1,117.



Alliance will keep 6% interest rate

BY ADRIENNE GLEESON

ANOTHER building society is to break ranks from February 1 by holding its interest rates on existing deposits despite the recommendation of the Building Societies Association that the rate be cut to 5.5 per cent. tax paid (equivalent to 8.3 per cent. gross) from February 1, the rate will remain at 8.5 per cent.

Alliance Building Society, one of the 10 biggest, has followed its even larger competitors, like Abbey National and Leeds Permanent, Alliance will hold its existing rates at least until the end of April.

per cent. tax paid on existing deposits at January 31. The Building Societies Association has recommended that the rate be cut to 5.5 per cent. tax paid (equivalent to 8.3 per cent. gross) from February 1, the rate will remain at 8.5 per cent.

Mr. Richard Hale, president of the chamber, announced at the annual banquet in Birmingham last night that his evidence was being collected about the impact of legislation upon the labour market.

He told the Prime Minister the special case: "We are asking for a return to the age of Dickens."

"We are asking for some recognition that a reasonably free job market offers the best chance for employment growth."

At the same time, receipts in just over nine months of from off-course bookmakers at 1977-78.

Betting duty £2.5m. up

FINANCIAL TIMES REPORTER

A TOTAL of £23.6m. was collected in betting and gambling month, when receipts were £21.1m. in December, 1977, an increase of nearly £2.5m. on £19m. on December, 1976.

Of that, more than £11.4m. was in football pool betting duty, which normally shows a seasonal increase in the period up to Christmas.

At the same time, receipts in just over nine months of from off-course bookmakers at 1977-78.

£5.7m. were down on the previous year, when receipts were £6.2m. in December, 1977, an increase of nearly £2.5m. on £3.7m. on December, 1976.

Total receipts for the last quarter of 1977, at £78.9m., were in the pool betting duty, which normally shows a seasonal increase in the period up to Christmas.

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Forecast of 3½% GDP rise

BY OUR ECONOMICS CORRESPONDENT

A BULLISH view of prospects for the economy and living standards during the next few years has been projected by Staniland Hall, a firm of economic advisers and business consultants.

In the latest issue of its 'Economic Indicators for Company Planning', the firm expects a rise in real Gross Domestic Product of 3½ per cent. a year on average between 1977 and 1982.

A rise in the volume of consumer spending of 3½ per cent. this year and of 3½ per cent. in 1978 is forecast.

Consequently, in the first half of 1979 spending volume is expected to be 7½ per cent. higher than in the first half of 1977, the low point of the current cycle, and 4 per cent. up on the first half of 1973.

Staniland Hall envisages a marked recovery in discretionary spending in the next five years—in particular, with a rise in durables, accompanied by a substantial expansion of credit—and

in expenditure on alcohol, drink and overseas holidays.

Over the period to 1982, living standards as measured by real disposable incomes, are projected to rise by 3 per cent. a year. This compares with a 1 per cent. a year increase between 1972 and 1977 and 4½ per cent. a year between 1969 and 1974.

A bullish view of the prospect for inflation during the next

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The drawn debentures are those NOT YET PREVIOUSLY REDEEMED, included in the range beginning:

Amount purchased: UA/2,000
Amount unamortized: UA 10,700,000.

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Luxembourg, January 27, 1978

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January 20th, 1978

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Norfolk is also redeeming at our further

discretion, the principal amount of

U.S. \$50,000,000 and the interest

standing thereon after 1st April 1978 will be

U.S. \$50,000,000.

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LABOUR NEWS

Monday's tanker talks
vital to petrol supplies

BY NICK GARNETT, LABOUR STAFF

THE OIL companies believe that other companies. Shop stewards at BP, Esso and Shell have decided to impose an overtime ban and work to rule from Wednesday. The decision is a sign of the severity of the dispute and the oil companies believe there is a slim chance that the action might be called off if the Shell stewards accept the Government's ruling and decide to continue talks. Union officials think that an increase of £2 on the general increase of a new £73 basic wage—providing maximum weekly earnings of about £115—would have been enough to allow a settlement but that if an overtime ban developed into a strike the drivers might aim to achieve a new weekly basic as high as £80. So far, Mobil appears closest to settling a deal, based on an existing productivity agreement. Shell talks are likely to be further negotiations at the disruption.

The Department of Energy issued a statement yesterday that it was watching the situation closely and the Government would decide what action to take, if any, in the case of disruption of supplies.

The Government is understood to have a framework of contingency plans based on protecting deliveries to essential services by using strategic stocks at a number of points, ready to meet a disruption of supplies.

An overtime ban and work to rule could cut petrol and oil supplies by between a quarter and a third although some companies say the damage could be greater. Lorry drivers in the South of England and parts of Yorkshire are at the point of settling a new pay deal, union officials say is outside pay guidelines.

Welsh miners back
productivity scheme

BY ROBIN REEVES, WELSH CORRESPONDENT

THE LAST stronghold of resistance to pit-based productivity was obviously disappearing. The Welsh miners have voted decisively in favour of dropping their opposition to a scheme in a pithead ballot.

The result was 13,693 votes in favour, and only 6,828 votes against, in an average poll of about 70 per cent. of all South Wales miners.

The decision went against the recommendation of the area executive of the National Union of Mineworkers, which called for a rejection of pit-based incentives in favour of a bonus deal based on the average output across the whole South Wales coalfield.

It compared with an 83 per cent. rejection of the Coal Board's productivity plans by a vote of 10,000 to 2,000 in the South Wales miners last October. Commenting on the results, Mr. Emyl Williams, the South Wales miners' president, said he still regarded it as a retrograde step. But he accepted the decision of the ballot and would be commencing negotiations with the Coal Board to-day.

Mr. Philip Weekes, the South Wales area director of the NCB, issued a statement saying he was pleased that the South Wales rank-and-file had opted for the same scheme as the rest of Britain.

"I know that many miners have had reservations, but they are realistic, and we will do all we can to ensure the scheme works fairly, and together we will try to avoid the old problems," he said.

Mr. Weekes added that he hoped they would be able to start method studies within a few days, and, as soon as standards were settled with local lodges, the Board could begin to arrange incentive payments.

£30 more in pay packets
as pit bonuses start

BY OUR LABOUR EDITOR

MINERS in the Midlands and North-West will to-day receive the first bonus payments from locally-negotiated output incentive schemes.

Faceworkers at several pits have earned more than £30 a week after exceeding the targets agreed between colliery managers and their union branch officials.

The bonus could be as high as £40 a week in some cases, according to the National Coal Board.

On-account payments have been made in some areas already, but to-day marks payment of the first fully calculated bonuses.

Those areas of the National Union of Mineworkers which were first to apply for incentive schemes have also paid up a considerable backlog of bonus.

In the wake of the South Wales miners' decision yesterday, the whole country is now covered, but South Wales and the Scotland have still to sign agreements by the weight of local output.

For the men at the face, bonus payments in these early stages are adding up to nearly 50 per cent. to their day-wage of just over £71 a week.

The National Coal Board will not hesitate to give the bonus payments the widest publicity, faced as it is with the first full negotiating session next week on the NUM's claim for £135 a week for the faceworkers and pro rata increases for other underground and surface workers.

Although the claim for about double the present basic rates was devised as a target rather than a demand, the NUM leaders have already said they will not accept a 10 per cent. national settlement on the day wage just because that is the Government's income policy limit.

They remain committed to a high basic wage irrespective of bonuses. For the longer term, neither the Coal Board nor the union can afford to see the national agreement undermined by the weight of local output-related bonuses.

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Threat by
water
workers

By Philip Bassett

WATER WORKERS, who want a settlement similar to that which ended the firemen's strike, threatened industrial action yesterday to achieve their aim.

The water-supply industry workers have been offered pay increases within the Government's 10 per cent. guidelines.

The first warning of industrial action by the 30,000 workers came from the National Union of Public Employees' West Midlands Water Area Committee.

"Under no circumstances can the offer be regarded as fair and reasonable. The claim was for a basic £50 minimum a week and an offer produced only one of £44.72," Mr. Roger Poole, NUPE assistant divisional officer, said.

Feelings were "running extremely high" among workers. Unless the offer was improved substantially his area committee would have no alternative but to recommend industrial action to the national executive.

A delegate conference of the General and Municipal Workers' Union, with the largest single membership of water workers, has decided in favour of a settlement on firemen's lines.

The demand is likely to be put to the employers at a joint meeting next week.

The firemen were promised further rises this November and in November 1979 to link their earnings with those of skilled workers.

Linking of public and private sector pay presents problems for the water industry, said Mr. Charles Donnet, GMWU national industrial officer. They needed to be examined "in the context of the public sector as a whole."

TUC demands
homeworkers' minimum

By Our Labour Staff

THE TUC called yesterday for minimum wages and statutory conditions of employment for more than 250,000 homeworkers whose pay is astonishingly low.

The report proposes a "going rate" of £10-£15 for a 30-40-hour week.

In a statement sent to Mr. Albert Booth, the Employment Secretary, by the General Council, Mr. Len Murray, General Secretary, said: "It is not in the interests of homeworkers themselves, factory and office workers, responsible employers or Government that exploitation should continue."

The report stresses that the TUC does not wish to encourage homeworking, which mainly involves women with family commitments, the disabled, the retired and immigrants. Their rate of pay is about a quarter of the average earnings of women in full-time employment.

The report proposes a tripartite committee to advise the Employment Secretary and make annual reports.

The Government should make clear whether homeworkers are employees or self-employed.

Mr. Jack Ashley, Labour MP for Stoke-on-Trent South, who has pressed the case in Parliament, said the "sweated labour" of homeworkers was "a national disgrace." He was asking for a Parliamentary select committee on the problem.

Rolls-Royce lay-off warning

BY OUR LABOUR STAFF

ROLLS-ROYCE's Midlands disputes were complicated further yesterday when management gave a warning that unless a sit-in at one of the company's factories near Coventry is called off by to-night more men will be laid off.

The company is dealing with three disputes in and around Coventry. Talks were still going on yesterday to try to reach an agreement on an end to piece-work at the aero-engines plant at Parkside.

The agreement is a condition of negotiations starting on a pay claim by 2,600 manual workers which the company says totals at least 40 per cent. Rolls-Royce has offered across-the-board increases of £2 and additional differential payments.

An overtime and sub-contracting ban by manual workers threatened production of RB199 and Pegasus engines made

at other Rolls-Royce plants for the Tornado and Harrier aircraft, but the Parkside plant is working normally as talks go on. Two smaller groups of workers doing broadly the same job are sitting-in at Rolls-Royce plants at Ansty and Parkside. The 52 Ansty shop loaders and the 68 Parkside progress tracers are both in dispute over job gradings.

Eight-hundred and fifty manual workers have been laid off from the aero-engines plant at Parkside.

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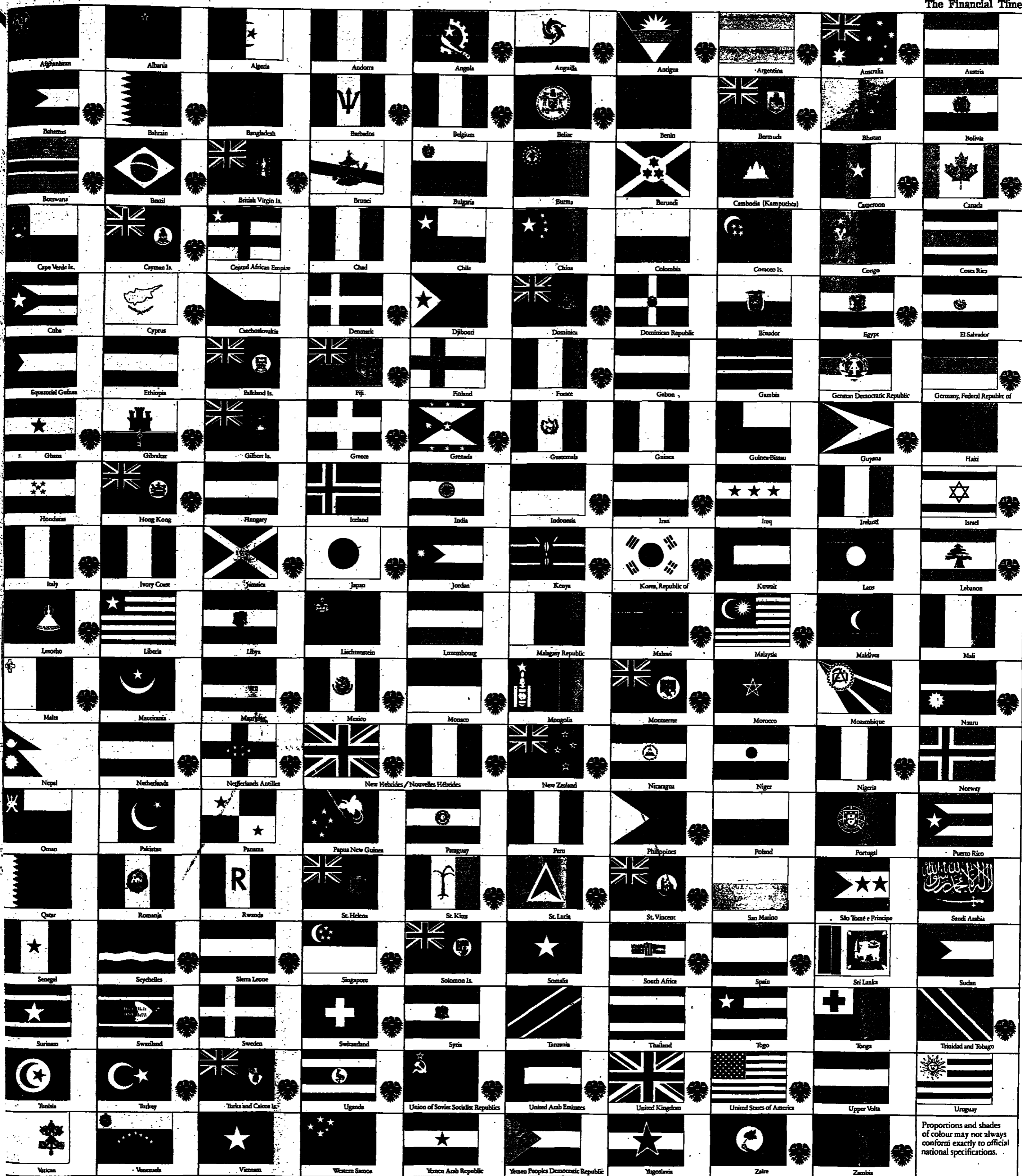
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PARLIAMENT AND POLITICS

Foot apologises for delay in Scotland Bill voting

BY PHILIP RAWSTORNE

TORIES were incensed by it... the Speaker strongly deprecated it... Mr. Michael Foot sincerely apologised for it.

Not for more than 50 years had the Commons been forced to wait for a vote because MPs were still lingering in the lobby for an earlier count.

The men who kept the Commons waiting were Mr. Walter Harrison, Government Deputy Chief Whip, and two other Whips, Mr. Jack Dorman and Mr. Jack Stallard.

Two Scottish Nationalist MPs—Mr. Hamish Watt and Mr. Douglas Henderson—were also chattering in the lobby while the tellers stood at the door to record their votes.

Mr. Speaker Fitzroy had taken a stern view in 1926 of such a possible obstruction to the democratic process. And Speaker Thomas took a dim view yesterday of the previous night's events when Tory MPs claimed that the Government was trying

for Rutland, donned the top hat which is needed to attract the attention of the chair during a division. MPs were sitting in the Government lobby and not being counted, he complained.

Amid cheers, Sir Myer Galpern, Deputy Speaker, sent Col. Peter Thorne, Sergeant-at-Arms, to investigate.

Labour MP, Mr. William Hamilton, said that at least five MPs were flouting the rules of the lobby. "Cheat, cheat," shouted the Tories.

The Sergeant-at-Arms returned. There was a whispered consultation—and Sir Myer ordered the tellers to report their count.

10.58 p.m. Two minutes before the scheduled close of business and 19 minutes after the vote began, the second Government defeat was announced: 168 votes to 142.

10.59 p.m. Mr. Jo Grimond, poised on the edge of his seat, leapt to his feet to propose that Orkney and Shetland be given the right to opt out of devolution. "A damned close run thing if I may say so," he added.

Amid Tory jubilation, the Government was defeated again by 204 votes to 118.

Mr. Foot told the Commons yesterday that he had conducted immediate inquiries into the MPs who had dallied in the lobby.

They had "apparently been engaged in an altercation... about a subsequent division," he told MPs. "I think this discussion was improperly prolonged and could have affected the timing of the next vote, although in the event, it did not."

Such action could not be condoned and would not happen again, Mr. Foot apologised.

The MPs might well have been disciplined at the time, the

Speaker rejoined. But that would only have caused more delay and the vote could not have been taken.

Mr. Francis Pym, Tory spokesman, amid Labour protests, said that Mr. Foot's statement had been "half admission, half excuse." There had been a deliberate attempt to prevent a vote taking place.

Today, a report by the Sergeant-at-Arms, naming the "offenders," is to be published in Hansard. Senior Tories believe that Mr. Harrison, at least, should resign as Government deputy chief whip over "this abuse of Parliament." He has been criticised before for his unorthodox whipping techniques. None of which, by the way, have brought the Government any success.

There are demands, too, for a time limit on future Commons divisions.

Mr. Foot could also have to resign himself to the fact that the Government may be unable to clear the obstacles now placed in the path of its devolution plans. The Lord President yesterday declared that the Government would attempt to reverse the defeat next month on the Bill's report stage.

Tory leaders, with their own proposals for referenda to curb union excesses, are not too happy about fixing precise percentages to the size of vote required in such polls to justify action.

But the massive majority for the right given to Orkney and Shetland to opt out of devolution will not be easily whittled away.

The Lords—and even more commoners—may begin to look with greater scepticism on a devolved Scotland with an English enclave, in the Orkney Islands.

As for the future, Mr. Healey said he would like to see arrangements, if possible, which went further towards curbing the distortions and inconveniences which had been developing over the last three years.

Support for the Chancellor was voiced by Mr. Giles Radice (Lab., Chester-le-Street), a leading member of the Labour Manifesto Group, who emphasised that many Labour MPs welcomed the fact that talks were taking place at the present time on future pay policy rather than wait until later.

Acknowledging this to be the case, Mr. Healey commented: "No-one who has lived through the last 34 years—indeed, the last 15 or 20—can doubt that maintaining a level of earnings which is close to the levels of increases in productivity is a pre-condition for curbing inflation to levels which would allow us to maintain high employment."

Nobody in the trade union movement with whom he had discussed incomes policy had sought to deny this view.

This led Mr. Enoch Powell (UU Down South) to interject: "It is total nonsense."

The Chancellor gave his hint of an announcement of new measures to safeguard jobs, when responding to further protests from the Labour back benches that the Government's attempt to secure that the Temporary Employment Subsidy (TES) is followed by an equally effective successor scheme when it expires at the end of March.

He said: "I hope Mr. Booth will be in a position in the very near future to make an announcement about further measures of this nature."

Referring to objections raised by other EEC countries about the operation of the TES, Mr. Healey said he was confident that arrangements could be negotiated which would satisfy the interests of all concerned.

admitted. But there had been no deliberate attempt to delay the vote. "We could have done that in the orthodox way with points of order," he said, to laughter.

"I think you have helped the House enough by now," the Speaker responded—and the issue was laughed off for the moment, at least.

Today, a report by the Sergeant-at-Arms, naming the "offenders," is to be published in Hansard. Senior Tories believe that Mr. Harrison, at least, should resign as Government deputy chief whip over "this abuse of Parliament." He has been criticised before for his unorthodox whipping techniques. None of which, by the way, have brought the Government any success.

There are demands, too, for a time limit on future Commons divisions.

Mr. Foot could also have to resign himself to the fact that the Government may be unable to clear the obstacles now placed in the path of its devolution plans. The Lord President yesterday declared that the Government would attempt to reverse the defeat next month on the Bill's report stage.

Tory leaders, with their own proposals for referenda to curb union excesses, are not too happy about fixing precise percentages to the size of vote required in such polls to justify action.

But the massive majority for the right given to Orkney and Shetland to opt out of devolution will not be easily whittled away.

The Lords—and even more commoners—may begin to look with greater scepticism on a devolved Scotland with an English enclave, in the Orkney Islands.

As for the future, Mr. Healey said he would like to see arrangements, if possible, which went further towards curbing the distortions and inconveniences which had been developing over the last three years.

Support for the Chancellor was voiced by Mr. Giles Radice (Lab., Chester-le-Street), a leading member of the Labour Manifesto Group, who emphasised that many Labour MPs welcomed the fact that talks were taking place at the present time on future pay policy rather than wait until later.

Acknowledging this to be the case, Mr. Healey commented: "No-one who has lived through the last 34 years—indeed, the last 15 or 20—can doubt that maintaining a level of earnings which is close to the levels of increases in productivity is a pre-condition for curbing inflation to levels which would allow us to maintain high employment."

Nobody in the trade union movement with whom he had discussed incomes policy had sought to deny this view.

This led Mr. Enoch Powell (UU Down South) to interject: "It is total nonsense."

The Chancellor gave his hint of an announcement of new measures to safeguard jobs, when responding to further protests from the Labour back benches that the Government's attempt to secure that the Temporary Employment Subsidy (TES) is followed by an equally effective successor scheme when it expires at the end of March.

He said: "I hope Mr. Booth will be in a position in the very near future to make an announcement about further measures of this nature."

Referring to objections raised by other EEC countries about the operation of the TES, Mr. Healey said he was confident that arrangements could be negotiated which would satisfy the interests of all concerned.

Healey firm on incomes policy

By Ivor Owen, Parliamentary Staff

BACK-BENCH Labour criticism of the Government's incomes policy failed to make any impression on Mr. Denis Healey, Chancellor of the Exchequer in the Commons yesterday.

He was joined by Mr. Joel Barnett, the Chief Secretary, in again emphasising the continuing need for voluntary arrangements which enable increases in pay to be kept in line with increases in productivity.

Ministers also contended that moderation in wage settlements played a major role in combating unemployment, and the Chancellor hinted that Mr. Albert Booth, the Employment Secretary, is likely to announce new measures to safeguard jobs, when he speaks in the unemployment debate in the House on Monday.

A demand from Mr. Robert Kilroy-Silk (Lab., Ormskirk) for a categorical assurance that there would be no "Stage Four" pay policy was brushed aside by the Chancellor, although he insisted that it was too early to give any firm indication of the form of restraint which the Government will seek to apply in the next pay round—except for ruling out any return to statutory controls.

While admitting that difficulties were caused by the rigidities in the present policy, Mr. Healey argued that it was a good deal more flexible than that operated in preceding years.

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Tories promise to ensure Press freedom

By John Hunt, Parliamentary Correspondent

THE NEXT Conservative Government would act to ensure Press freedom, Lord Redesdale, Opposition spokesman, said in the Lords yesterday.

Safeguards proposed by the Royal Commission on the Press were too vague and toothless, he declared. Lord Redesdale spoke of the danger of having a legally constituted Press charter. "If Parliament can set it up, Parliament can tamper with it. That is dangerous."

"When this party gets into power at the next election, we are going to do something about this. We will rectify the situation and ensure that we retrieve some of the freedoms that are in danger and, in fact, to a degree, have already been lost."

Lord Redesdale accused Mr. Michael Foot, Leader of the Commons, of ruthless determination to achieve his ends on the Press charter and the journalists' closed shop.

It was inevitable that a closed shop for journalists would lead to Press censorship by the union concerned. The pressures that could be brought to bear in a closed shop were enormous, and so was the harm that could be done to individuals.

Referring to new technology in the newspaper industry, Lord Redesdale said the situation was dismal. The price of new technology at the Daily Mirror had been enormous in terms of stoppages and of trying to get agreements.

Lord Wigoder (L.) said that journalists, like the police and armed forces, were so important to our society that they must be free to decide for themselves whether they wanted to join a union and take part in its activities.

From the cross-benches Lord Hartwell, Editor-in-Chief of the Daily Telegraph, said that the Royal Commission's recommendations for a Press charter were over-simplified. He also disagreed with its view on editorial responsibility.

Although the editor was the one who went to jail, on most Fleet Street newspapers there were hundreds of journalists, many of them with various editorial responsibilities.

Further discussions would have to take place.

A considerable number of MPs in the chamber objected to the Select Committee proposal. They wanted the Commons to have its own broadcasting unit to control the material which goes out to the BBC and the independent companies.

Mr. Dennis Skinner (Lab., Bolton) protested that a Select Committee would inevitably mean a "cozy arrangement" between its members and the broadcasters.

Mr. Price explained that the main reason for the Select Committee was that the House should not appear to have any form of editorial control over broadcasting. That was the view of the broadcasting authorities, and he suspected that it was shared by many MPs. But this did not mean that the broadcasters would be unaccountable.

Mr. Lewis spoke of the possibility of an appeal to the Lords in the meantime, a number of court actions are outstanding, in their unrelenting battle to break the grip of Left wing activists in various constituencies.

Lord Denning said, in his judgment, that the situation at Newham resembled a state of war. The two factions were so locked in their struggle that the NEC had been forced to take action, and suspend the local party officers.

Mr. Lewis suffered a second blow when he lost his seat in Newham ward election. The moderates are now said to control only two of the constituency's nine wards.

The way now looks open for a long stalled annual meeting in Newham to go ahead. A new executive can then be chosen which will, in turn, be able to select a Labour candidate to replace Mr. Reg Prentice, who, last year, defected to the Conservatives.

Labour's relief is also financial. The party is already committed to face legal costs of around £20,000, arising from the barrage of action brought by the two militant leaders. But with this week's judgment, the hammer has been stashed, at least temporarily.

The two Oxford graduates, Paul McCormick and Julian Lewis, were also unsuccessful in their bid to secure an injunction preventing Transport House suspending them from Labour membership.

An affidavit from Mr. Reg Underhill, Labour's national agent, that no such action was being considered, had been presented to the judges.

Although disappointed at the

Big vote to limit EEC Bill debate

By John Hunt, Parliamentary Correspondent

THE GOVERNMENT'S controversial proposal to guillotine debate on the Bill for direct elections to the European Parliament was approved in the Commons last night by a majority of 177 (314-137) after three hours of heated debate.

An equal number of Tory and Labour anti-Marketisers—61 from each party—voted against the timetable motion. They were joined by the Ulster Unionists, the Scottish National Party and Mr. Gerry Fitt of the SDLP.

The Liberals and a majority of the Tories supported the Government.

The result means that further Commons debate on the European Assembly Elections Bill will now be curtailed to three days—two days for committee and one for report stage and a third reading.

The anti-Market Labour MPs asked a two-line whip to vote against the measure but the Tories were allowed a free vote to take account of the deep divisions within their own ranks. During the debate, the differences of opinion in both major parties soon became apparent.

Mr. John Lee (Lab., Hantsworth) warned that he would consider resigning the Labour whip and might sit as an independent if the guillotine motion went through.

Angry, he told the House that in that event, he would seek to join a "Kamikaze squad" to "blow up Government legislation, provided that 10 or 12 Labour MPs would join him."

"If I cannot get that, I am resigning the whip forthwith and will sit for the rest of this Parliament as an independent MP," he said.

On the other side of the House, Mr. Neil Martin (C., Banbury), a leading opponent of the Market, made a bitter attack on the Conservative front bench for supporting the guillotine. It was time that people in the European movement and the Tory Party started speaking up for Britain.

Mr. Enoch Powell (UU, Dover S.), made a strong attack on the Conservative leadership and the Government. The Government, he said, had lost the moral right to ask the House to accept the motion.

But the Opposition, by failing to oppose it, have cast away the opportunity they ought to be seeking to lead the House, for that is the condition of leading the nation," he added.

Opening the debate, Mr. Merlyn Rees, Home Secretary, told the House that the guillotine was essential in order to prevent the possibility of endless debate. Direct elections, he said, would now presumably be held sometime in 1979.

The divisions among the Conservatives were acknowledged by Mr. David Howell, a Conservative home affairs spokesman, speaking from the Conservative front bench.

There was derisive Labour laughter as he admitted: "I make no secret of the fact that this timetable motion places me and my right honourable friends in something of a dilemma."

Although he reluctantly advocated the guillotine, he fully realised that some of his anti-Market colleagues would oppose it.

The new clause to the European Assembly Elections Bill proposed by Dr. David Owen, the Foreign Secretary, was published yesterday.

The clause states that no treaty which provides for any increase in the powers of the European Assembly shall be ratified by the U.K. unless it has been approved by an Act of the Westminster Parliament.

Next week's business

MONDAY: Debate on employment; motion on EEC documents on excise duty harmonisation.

TUESDAY: Scotland Bill continued.

WEDNESDAY: Scotland Bill committee; motion on Community drivers' hours rules (temporary modifications) regulations.

THURSDAY: European Assembly Elections Bill, committee.

FRIDAY: Private Members' Bills.



Mr. Hamish Watt... queried "all the excitement."



Sir Myer Galpern... order to Sergeant-at-Arms.

Poll shows fall in Assembly support

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

CONFUSION OVER what the Scottish voter actually thinks of devolution came last night when a poll produced for the Scottish Labour Party showed there had been a sharp fall in support for an Assembly compared with six months earlier.

In answer to the question: "Would you vote in favour of the devolution Bill in a referendum, only 38 per cent. replied 'Yes'. This compares with 43 per cent. in a similar poll last June and 55 per cent. in February, 1977.

Those who said they would vote against rose by three points to 36 per cent. compared with 33 per cent. in June and 28 per cent. last February.

The poll, conducted by Fieldwork Scotland and taken on January 13 and 14 showed that 26 per cent. were "don't knows," against 24 per cent. in June and 16 per cent. 11 months ago.

The Scottish Labour campaign is an all-party organisation set up to fight devolution. In a second question only 19 per cent. favoured the break-up of the U.K., a large drop from the 26 per cent. in June, 1977. Seventy-one per cent. opposed break-up (68 per cent.) and 9 per cent. were don't knows (6 per cent.).

This swing against devolution conflicts to some extent with other polls of a similar nature taken recently. NOP

Market Research, for instance, found in December that 57 per cent. were in favour of the Government's plans for an elected assembly in Scotland, with only 28 per cent. against. Significantly, 46 per cent. of the Conservatives polled said they favoured the plans.

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He said: "I hope Mr. Booth will be in a position in the very near future to make an announcement about further measures of this nature."

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would be a large turnout "to ensure that England does not impose its will on the people of Scotland."

In Orkney and Shetland there was delight that a second amendment had been carried, giving the right to opt out of a devolved Scotland.

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Sounds of anger... but joy in Shetlands

FINANCIAL TIMES REPORTER

DEVOLUTIONISTS in Scotland were predictably enraged yesterday by the failure of the Government to beat off amendments which could undermine the whole concept of devolution.

They were particularly annoyed that a Scottish Assembly should have been made conditional on the "Yes" vote in the referendum receiving at least 40 per cent. support by the whole electorate.

Mr. Jim Sillars, MP for South Ayrshire and leader of the break-away Scottish Labour Party, thought it would be impossible to restore the Bill's status quo. He

was also apprehensively about the likelihood of 40 per cent. of the electorate actually voting for devolution.

"I anticipate the amendment being carried in the Act, which means that if we achieve exactly the same result as the Common Market 'Yes' campaign, the Scotland Act will be repealed by the Government." The campaign for EEC entry had been supported by only 36 per cent. of the total electorate.

Mr. Farquhar Macintosh, Rector of the High School, Edinburgh, and a leading member of the newly-formed

umbrella group of pro-devolutionists, said the amendment was "an outrageous attempt to change the rules as the game proceeds."

Lord Kilbrandon, chairman of the umbrella organisation, thought that the proponents would just have to fight harder. "If we do a little better than the 'Yes' vote in the Common Market referendum, that will satisfy us."

In indifference, he thought, would be equivalent to a "No" vote. Mr. Hamish Watt, the Scottish National Party's chief whip in the Commons, was sure there

would be a large turnout "to ensure that England does not impose its will on the people of Scotland."

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FINANCIAL TIMES SURVEY

Friday January 27 1978

U.K. Textiles

The new Multi-Fibre Arrangement should create more stable trading conditions for UK textile manufacturers, but the industry still needs to adapt and modernise if it is to secure its long term future.

A new lease of life

By Rhys David

Textile Correspondent

IT IS NOT often an industry gets the chance of a new start, but this would seem to be the position in which U.K. textiles finds itself. After prolonged negotiations last year, the EEC reached a series of agreements with the leading low-cost suppliers of textiles around the world which should give the domestic industry in Europe a greater degree of protection against sudden surges in levels in future.

agreements—now incorporated as the second round of the Multi-Fibre Arrangement (MFA)—will not secure any actual reduction in levels of textile and clothing imports into Europe, which have reached an overall penetration of around 30 per cent. Indeed, an overall growth rate of around 6 per cent. per annum will still be allowed. The significance of the MFA deal which Europe has achieved, however, lies in the way it is framed. The products where import penetration is already very high, and the countries

with the highest share of European markets, have had to accept very tight restrictions. Furthermore, under provisions which the EEC has succeeded in writing into the agreements, it will be possible to put under restraint any product or any supplier where disruption in European markets is threatened.

The new MFA agreement is thus intended to remove weaknesses in the previous agreement which allowed a growth rate in imports to take place between 1974 and 1977 in excess of 15 per cent. per annum, at a time when the European textile industry was already experiencing the effects of the worst recession since the war. As such—and with the important proviso that the agreements prove watertight—the industry in Britain and the rest of Europe does have the prospect of being able to plan against a background of stability, knowing roughly, at any rate, how much of the European market will be left to it in future after imports.

Negotiations

The strong line which the EEC took in the negotiations can be traced back directly to the pressure which the U.K. industry has been exerting for the past two years for greater protection. Britain—supported by France—has played a dominant role in preparing the evidence which the various European textile trade associations have been putting to Brussels, but of equal importance to the industry has been its success in getting its message across to the U.K. government. The significance of this was stressed recently by Dr. Brian Smith, president of the British Textile Confederation. "The major achievement during 1977 was

the acceptance by the U.K. Government, and the authorities of the EEC, of the vital economic, strategic, and social role of the textile and clothing industries," he commented.

The industry's case broadly has been that textiles, though not a glamour industry like aerospace or computers, is of equal significance to the U.K. economy. In terms of employment the textiles and clothing industry provide jobs for more than 800,000 people in the U.K., and both its output and its exports—almost £2bn. in 1977—put it in the top half dozen sectors in size in the U.K. Furthermore, unlike some other U.K. industrial sectors, it has an excellent record of labour relations and a better investment record than industry as a whole over recent years. Largely because of imports, the industry has had to increase its investment and output simply to survive.

In addition, although in image terms textiles is never seen as being at the frontiers of new technology, it is in fact subject to constant technical change. The clothing industry, for example, now uses lasers for fabric cutting and the knitting industry employs computers for pattern preparation. The continued search for economies of production have resulted in enormous increases in fibre and fabric output speeds and in the development of completely new methods of producing fabrics. have been introduced for

Equipping a modern mill now requires very large capital investment of as much as £30,000 per worker, and in fibre plants the cost is even higher.

The points which the industry has been putting forward in official thinking both in Whitehall and in Brussels. It is not so long since the EEC was envisaging the orderly transfer of textile and clothing production out of Europe to developing countries, leaving the advanced nations to pursue high technology industries. High unemployment and the slowdown in world economic growth has caused this policy to be reviewed. In Britain, in particular, it is now recognised that it will be necessary to maintain an important stake across the spectrum of industry where the time lag cannot be excluded from this. The Government's industrial strategy has included four textile sectors among the groups of more than 40 whose problems and prospects are being examined.

The Government has also stepped up aid for the sector, which has previously had to rely very largely on its own resources for re-organisation. The wool textile industry was the first sector to be chosen for an aid scheme under the 1973 Industry Act, and has received a total of around £20m. towards rationalisation and investment. Other Industry Act aid schemes have been introduced for

clothing and textile machinery, and the cotton sector has also been encouraged to seek investment aid under the Industry Act. Textiles and clothing have also been the main beneficiaries under the Temporary Employment Subsidy scheme, absorbing roughly half the total of £200m. advanced so far.

Sponsor

With the Government in Britain evidently much more willing to act as sponsor, the industry has shown that it can respond. Following an initiative by the joint textile committee of the National Economic Development Office, all sectors of the industry are co-operating in the production of a monthly textile pipeline survey which gives an at-a-glance guide to output, sales, and other trends throughout the industry—particularly important in an industry where the time lag between developments at the start of the processing chain—spinning—and the end, clothing sales in shops, can be more than a year.

For a number of reasons, the industry has woken up to the need to increase its sales to Europe. Firstly, many of its existing big markets—such as Ireland—are small and offer only limited possibilities for further growth. In other traditional markets in the Commonwealth there is an increasing number of tariff and other

barriers to surmount. Perhaps more important, however, has been the continued weak state of the home market which has shown very little real growth over the past five years in volume sales of textile products, while at the same time accommodating a doubling in imports since 1970.

Over the past two years the industry's efforts to increase its sales in export markets have been aided, too, by the fall in the value of sterling, giving U.K. goods a competitive edge in the EEC. In 1977 as a result of this major effort the industry's total exports are expected to be up around one third on 1976, and with some success also being achieved in holding down imports. Britain's textile and clothing deficit will be down substantially this year.

The main worry must be over whether this performance can be sustained, enabling the industry to build for itself a position as a leading long-term supplier across Europe of quality fabrics and made-up textile goods. There is general agreement that exporting in 1978 will be a lot more difficult, partly because of the rise in the value of sterling, and partly because of the continued sluggishness of many markets. Though the past year has seen most of the U.K.'s big groups announce sharply improved results—largely as a result of higher exports—the middle of the year saw a disturbing fall-off in demand, indicating the

continued fragility of the recovery. Some sectors—notably cotton—are heavily dependent on employment subsidies to see them through to the next upturn, and fibre producers are still suffering from world overcapacity and weak prices. It can only be partial consolation that U.K. fibre producers were among the first to tackle the problems of cutting out loss-making activities and have as a result managed to bring their operations back in most cases to around break-even, while many of their major competitors on the Continent are still wrestling with huge losses. The prospect of some improvement in market conditions in the U.K. this year may also put to the test the textile industry's commitment to exporting. As a result of tighter import restrictions and higher wage levels it could again be tempting to divert goods to the home market.

There are grounds, however, for taking a more optimistic view. For all the problems posed by the recession, Britain's textile industry has probably come through better than that of any other EEC member.

Furthermore, its structure in theory equips it well to serve a Europe-wide market. It contains the four biggest groups in Europe—Courtaulds, Coats Paton, Tootal and Carrington Viyella—each of which is not only vertically-integrated from the early processing stages through to made-up products, but also involved across a broad spectrum of textile processes. In the battle for market share in Europe, the U.K. industry has also the advantage of lower labour rates than most of its Continental rivals and this could make it attractive as a source of supply for retailers in Europe, more favourable background seeking goods to replace those

now brought under restriction. The industry is conscious, however, that certain inherent weaknesses will have to be rectified if it is to capitalise on its potential advantages. In a number of sectors the U.K. is benefiting at present from the popularity in men's and women's wear of the British look, by which one generally means country type clothing. Like all fashions, however, this will pass, making it of great importance that the industry produces goods of the necessary design, quality and performance to satisfy demanding European tastes. This involves a bigger effort to ensure that the best use is made of design talent produced by U.K. colleges, a task the industry and the BTC has set itself. Another pressing need, the industry admits, is to improve its garment-making standards and efficiency to the best levels prevailing on the Continent. Here help is likely to be provided by a new agency set up last year with Government aid, the Clothing Industry Productivity Resources Agency.

Duration

The chance which the industry has now been given is likely to be of comparatively short duration. Having provided for the industry what should be more stable trading conditions, the EEC member governments will now clearly be looking for evidence that textiles can adapt and find for itself a market niche where it will be able to survive and prosper without the need for further protection. The textile industries of Europe and that of Britain, in particular, now have to show that against a more favourable background they can deliver the goods.

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Robert Hirst,

Drivay,

Louis

Philippe,

Ferguson

Fabric.

The names behind the name Carrington Vivella

AFTER A LONG period of what can only be described as comparative obscurity, Britain's clothing industry has become, over the past few years, one of the most closely analysed and scrutinised of industrial sectors.

For, after holding its own in world markets up to 1970—covering the large volume of imports which have traditionally come into the U.K. with exports of high quality menswear and other garments—Britain plunged into a serious clothing trade deficit this decade.

The gap reached £74m. in 1972 widening to £172m. in 1974 and even further to £271m. in 1976, as imports rose to reach a record total of £683m. The rise has been the result of the growth of clothing industries in traditional supplying countries such as Hong Kong, and Portugal, the emergence of new suppliers, particularly in the Far East and Eastern Europe, and, it has to be admitted, of Britain's entry into the EEC.

As in other sectors membership has exposed the U.K. in clothing to competition from much more efficient producers on the Continent. The combined effect has been enough to set off a few alarm bells not only in the industry itself but at Government level as well, because of the impact a continued decline could have on the U.K. economy as a whole. Employment in clothing remains very large at 293,000 people but has nevertheless declined by around 40,000 over the past five years. While job losses in any sector are serious—particularly with unemployment at 15m.—in clothing their effect is concentrated in regions with already above average unemployment, and on women for whom alternative opportunities are unlikely to be available.

The decline of the clothing industry was also considered serious because of the effect on other sectors. Clothing is a major customer of the U.K. textile industry which employs a further 479,000 people, and any major rundown could eventually work its way back through textiles to the chemical industry which provides the raw material for much of the textile industry's fibre output.

At the same time clothing stands out as a sector where a

properly-organised U.K. industry ought to be able to make some impact across Europe as a whole. The industry is highly labour intensive and has declined more rapidly in Britain than in the high wage countries on the Continent such as Germany. The U.K. with its large existing industry and its lower labour rates should as a result be able to establish itself as a major supplier in Europe.

The result has been a major effort through the Clothing Economic Development Committee and through the industry's trade associations to stimulate an improved performance, with particular emphasis on raising productivity levels to match those of the most efficient producers on the Continent. At the same time the industry has been exhorted to improve its design and styling to make its goods more attractive in home and export markets.

Response

The industry's response to all these urgings will not have disappointed the Government, though it may have puzzled it. For as two sets of figures published within recent weeks show, the cure—or at least remission—for some of the industry's ills appears to have been found, but without the use of the prescribed remedy. The Government's Industry Act aid scheme for clothing, which offered grants to companies undertaking projects which would help to improve their efficiency, has only belatedly found takers. The original scheme under which £20m. was made available, had to be re-drafted because of lack of interest, and the sum allocated was reduced to £15m. Even so, but for a surge in applications in December, the closing month, the scheme would have come to an end with more than half the available money still unclaimed.

Yet while the vast bulk of the 6,000 companies within the industry have been slow in grasping the Government's proffered hand, market conditions in the U.K. have

U.K. TEXTILES II

Clothing decline

CLOTHING		
EMPLOYMENT	293,000 (G.B. only)	
MAIN AREAS	North of England, London, Northern Ireland	
NO. OF ENTERPRISES	6,000	
OUTPUT 1976	£1,750m.	
TRADE BALANCE	1976	1977 (Jan-Sept.)
	£	£
EXPORTS	412m.	419m.
IMPORTS	683m.	578m.
MAIN PRODUCTS	Men's, boys', women's, girls' and children's outerwear, and underwear. Workwear.	

persuaded firms to look overseas for sales. The clothing trade gap will this year be narrowed considerably to around £150m. and in the third quarter last year was under £7m.—the lowest figure for some time.

Moreover when invisible clothing exports are added—sales in the U.K. to tourists are estimated at around £240m. a wholesale value in 1977, and sales through parcel post—Britain looks to have been running a surplus on its clothing trade in 1977.

The switch into export markets is the industry's response to the continued difficult trading conditions it has been experiencing in the home market. For although an increase in consumer spending on clothing made itself felt in the closing months of last year, very little overall growth has taken place in the market since 1973, and in many sectors imports have displaced U.K. products. Thus in 1976 imports had 51 per cent. of the market in men's and boys' suits and jackets, around 65 per cent. of the shirts market, and 56 per cent. in trousers.

The fall in the value of the pound over the past two years has helped the industry find overseas markets and it appears a much wider range of producers has begun exporting. At the top end of the market there have always been a number of U.K. clothing manufacturers,

such as Chester Barrie, Aquascutum, Daks-Simpson, Burberry, Gloverall, and Michelson in menswear, selling a substantial proportion of their output overseas, and a few leading women's wear groups such as Jaeger. The list of top exporters now includes a number of other groups selling in the middle of the market such as Ladies Pride and Samuel Sherman. A substantial export business has also been built up by a number of U.K. sports and leisure producers—among them Neilbardeen, Umbro, and Highlight.

The industry's attitude on investment has evidently been more cautious and here it would seem a waiting game has been played. The key is the MFA negotiations which took place at the end of last year aimed at establishing a new framework for international trade in textiles, and it may be that major decisions on spending are only now being taken as information on future levels of clothing imports into Europe becomes clear.

Some moves nevertheless have been made, including, significantly, efforts by all four big textile groups—Courtaulds, Coats, Paton, Tootal and Carrington Vivella—to strengthen their positions in clothing. Coats Paton has been investing in its clothing operations with particular emphasis on its high quality women's wear side and a policy of trading-up has also

been pursued by Carrington Vivella, which is particularly strong in menswear. Tootal has increased its involvement in clothing with two substantial acquisitions—Trutex the children's wear group and most recently Stimula, one of the most successful U.K. ladies wear manufacturers in recent years.

Other moves have also been made to strengthen the industry structurally. Through the industry's economic development committee the objectives of the Government's industrial strategy—a further increase in exports to around £1bn. by 1980, coupled with efforts to hold down and if possible push back import penetration, have been communicated to companies.

A new body, the Clothing Industry Productivity Resources Agency, is also being set up with Department of Industry funding to continue the task of trying to raise levels of efficiency within clothing.

At the same time clothing manufacturers have themselves achieved a new degree of cohesion through the creation of a new joint body—the Clothing Industry Joint Council—which with one major exception brings together the associations representing the various clothing sectors.

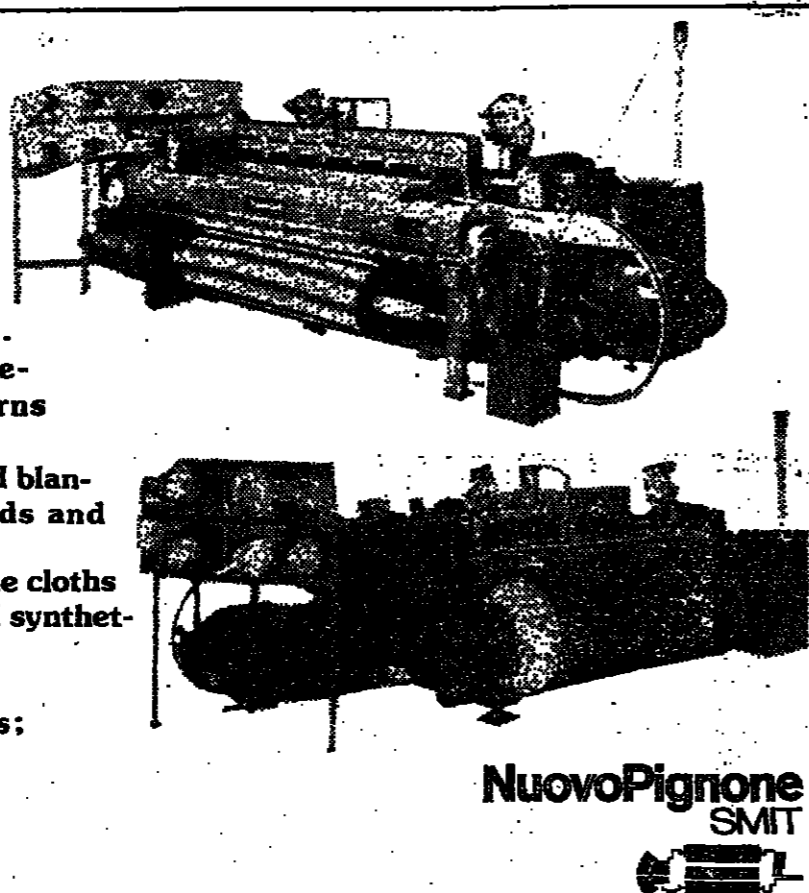
The changes have perhaps come only just in time to save the U.K. industry from a very serious decline, and dangers still lie ahead. The industry's commitment to exporting has yet to be tested against a background of less severe difficulty in the home market. There are also still very many companies, including some of the largest suppliers to the home market, exporting less than 10 per cent. of their turnover. The rise in the value of sterling will also make exporting more difficult. As the past year has shown, however, the opportunities are there if the U.K. can continue to offer merchandise of a sufficiently high quality and suitably designed and styled for the sophisticated markets of Western Europe.

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Knitwear targets

BRITAIN'S knitwear industry has been bucking the trend over the past year. Against a background of decline in most textile sectors, knitwear has managed to increase employment by around 3,000 to a new total of 121,000, and output has increased, too, in volume as well as value.

The industry has been benefiting mainly from its diversified export markets. While consumer demand in the U.K. for clothing has been static—continuing marginally behind 1973 levels at constant prices—exports by knitwear producers increased by 50 per cent. in value in 1976, and were up a further 40 per cent. in the first ten months of 1977. The industry's major assault on export markets, taking its export proportion of total sales to around 30 per cent, has come not a moment too early, however. Britain accounts for around 25 per cent. of the EEC knitting labour force but has managed to command under 10 per cent. of total intra-EEC trade. As in other industrial sectors, knitwear has secured a very large share of some small markets—notably the Republic of Ireland—but a dismal share of the big markets.

In 1975 the U.K. industry had only a 1.4 per cent. share of imports into West Germany from other EEC countries, compared with the 72 per cent. stake held by Italy, the other main knitwear producer in the EEC. In France, Britain had 7.4 per cent. of intra-EEC imports against 73 per cent. for Italy.

The new emphasis on exports is the result of the industry's realisation that whatever help is achieved from the latest Multi Fibre Arrangement (MFA) agreement in stabilising the home market, imports are here to stay, particularly at the cheaper end of the market. To grow and prosper, therefore, the U.K. knitwear industry has to expand its overseas sales, especially to Europe. The objective set by its sector working party, as the industry's contribution to the overall U.K. industrial strategy, is a 20 per cent. share of total EEC exports to 12 Western European countries—the other EEC members, (excluding Ireland), together with Austria, Finland, Norway, Sweden and Switzerland. Overall the industry is looking for a 20 per cent. per annum increase in exports over the period 1975-80.

In the home market the industry will probably have to be content with a holding operation. Total imports now account for around 30 per cent. of total

sales, though they are much higher for certain products, and those from developing countries will continue to grow, albeit probably somewhat more slowly than in recent years, as a result of the new tighter restrictions incorporated in the MFA. The industry should at least be able to hold back, according to the working party, cycles with less discomfort than imports with which it directly

competes—those from other developed countries—to around the present level of 7 per cent. Significantly, the industry is currently running ahead of the targets set for it in both the home and export markets, but the difficulty will obviously come in sustaining this performance over a period. Nevertheless, the omens are favourable. In a number of European countries, notably Germany, the local knitwear industry has shrunk in size as a result of competition from low cost imports, and with more effective restraints now applying across Europe on imports from outside the Community, the U.K. is in a strong position to fill any gaps. As well as being the biggest in Europe the British industry also has the largest companies. The three biggest, Courtaulds, Nottingham Manufacturing, and N. Corah account for around 25-30 per cent. of total output.

KNITWEAR		
EMPLOYMENT	121,000 (G.B. only)	
MAIN AREAS	East Midlands, Scotland	
NO. OF ENTERPRISES	625	
OUTPUT 1976	£836m.	
OUTPUT 1977	£900m. (estimate)	
TRADE BALANCE	1976	1977 (Jan-Sept.)
	£	£
EXPORTS	199.5m.	189m.
IMPORTS	261.2m.	223m.
MAIN PRODUCTS	Fully fashioned knitwear, sweaters, pull-overs, T-shirts, jersey fabric, warp knit fabrics, underwear, tights, socks and stockings.	

specialist shops require. Another factor working in favour of the industry is the continued popularity on the Continent of the British classic look in knitwear. It is this which has enabled the Scottish knitwear industry, which uses MFA, to prosper as cashmere and lambswool to ride the textile cycles with less discomfort than imports with which it directly

advantage for the industry has been the continued survival in the U.K. of a strong knitwear machinery sector, making close technical co-operation possible.

There are pitfalls, however. European markets require special design attention and styling and guaranteed delivery on time—all areas where some companies in the past have fallen down. The industry's recent export performance has been based on the extra efforts which some of the major groups like Courtaulds have been making in overseas markets, such as Germany, and on the decision of a number of smaller companies to begin exporting for the first time. There is a danger that if conditions in the U.K. market do improve—as a result of higher wage levels working their way through into consumer spending—this momentum could be lost. The rise in the value of the pound sterling has already made exporting more difficult for the industry, which in some sectors, such as underwear and tights, is working on very narrow margins, and this may tempt some producers to re-direct their efforts towards the home market.

Links

These big companies have grown through their links with the major retail chains, and a number, including Corah, are now looking at ways in which similar relationships can be developed on the Continent. The industry still consists, too, of many smaller companies which are capable of taking on the more specialist work which European boutiques and

of which will be paying in

There is also the challenge which will be provided in the U.K. and other markets by the growing sophistication of developing country producers, many of which will be paying in

of which will be paying in

creased attention to quality and design as a way of penetrating EEC and other developed markets. The U.K. industry in order to succeed both in the domestic market and in other EEC markets will have to move increasingly itself into higher quality merchandise.

These are points which have been stressed at a series of meetings within companies organised by the industry's sector working party over recent months and involving management and union representatives and working party officials. The aim has been in each case to create a forum where discussions could take place on the significance for individual companies of the Government's industrial strategy and on the relevance of the objectives laid down by the working party for the sector.

Other problems do naturally face the industry, for which exporting will not be the cure. Worldwide over-capacity exists in jersey fabrics, largely as a result of the fashion swing away from knitted man-made fibre filament yarn towards a soft, woven, natural look. Similar problems exist in another knitwear sector—warp-knitings—where traditional markets such as shirts and sheets have declined. In warp-knitings, however, considerable effort has been made to find new markets, such as car seat fabrics. Moves are also being made by the knitting industry's research body, HATRA (the Hosiery and Allied Trades Research Association) to find ways of increasing the industrial market for other knitted fabrics. Possibilities exist in a number of areas—horticultural and surgical uses are among the applications that have been found for knitted fabrics.

Another major problem area is tights, where massive investment by the Italians, at a time when the market was already beginning to decline because of increased wearing of trousers by women, has created serious problems for producers in a number of countries.

In the battle to survive in the face of strong international competition both from the Far East and other international producers, the U.K. industry has emerged, however, in somewhat better shape than it expected at the start of the textile recession. The past year has seen a major improvement in the results announced by most of the main groups and further good figures are likely over the next few months. The challenge is to ensure this performance is maintained.

R.D.

U.K. TEXTILES III

WOOL TEXTILES			
EMPLOYMENT	80,000 (G.B. only)		
MAIN AREAS	Yorkshire, Scotland, West of England		
NO. OF ENTERPRISES	400		
OUTPUT 1976	£900m.		
OUTPUT 1977	£1.1m. (estimate)		
TRADE BALANCE	1976	1977	(Jan.-Sept.)
	£	£	£
EXPORTS*	212m.	205m.	
IMPORTS*	40.4m.	44.4m.	
* Tops, yarn and cloth only, raw wool and wool waste not included.			
MAIN PRODUCTS			
Wool tops, woollen and worsted yarn, woollen and worsted cloth, carpet yarns, knitwear yarns, rugs, blankets, furnishing fabrics, industrial cloths.			

Wool markets

FOR BRITAIN'S wool textile industry, skills in international diplomacy have now become almost as important as the traditional arts of design and marketing. Over the past year, the industry has had to surmount the protocol problems involved in persuading U.S. President Jimmy Carter to accept a gift of cloth complete with stripe carrying the initials J.C.: it has been after the support of Britain's ambassador in Washington, Mr. Peter Jay, in his campaign for a reduction in tariff levels on U.S. wool textile imports; in the Middle East it has been taking up, again through embassies, attempts by producers in South Korea, India and elsewhere to pass off their goods as British; and in Iran one of the leading U.K. wool textile companies has recently completed delicate negotiations for the supply of military uniform cloth. On top of this has been the need to keep an eye on the discussions which took place in the latter half of last year in Brussels on a new Multi-Fibre Arrangement, the international agreement which regulates world trade in textiles, and this year will see shortly the beginning of the GATT Tokyo Round trade talks.

All this reflects the ever-increasing importance to the wool textiles sector of overseas markets — and the difficulty in some cases of ensuring that they remain as open as the industry would like. The industry now sells its products in more than 150 different countries and last year succeeded in raising its export sales including raw wool, once again to a new record total of £400m. — roughly £100m. up on the previous year. In fabric more than 40 per cent. of total output is now being exported.

Reputation

The success of the U.K. wool textile industry in overseas markets is based on the very high reputation which British cloth — particularly the top end of the market fine quality worsteds from Huddersfield — enjoy all over the world. It remains an important mark of status in a number of countries, including Japan, to wear a suit made of British cloth, and this has been an important factor in enabling the industry to sell into new-rich markets, such as Japan in the early 1970s, and more recently Middle Eastern countries and other oil-wealthy nations.

But the industry's big move into export markets has also been motivated by conditions in the U.K. Consumers have had less to spend over recent years and have in any case been switching to more casual forms of dress leading to a substantial drop in the number of suits purchased down from 7.1m. to 5.7m. over the past two years alone. At the same time there has been a major increase in imports of clothing and this has affected the customers of the wool textile industry, the clothing manufacturers. More than 2m. suits were imported into the U.K. last year, many of them at very low prices from Eastern Europe, giving importers a one-third share of the market.

The industry saw early on that even to survive at much its present size and output a further substantial increase in its already large overseas sales would be necessary.

The past year gives some indication of how successful the strategy has been. Helped by the current world vogue for the British look — country-type classic clothing — wool textile producers have managed to overcome the continued lack of buoyancy in the home market. Though output in 1977 will not be significantly above the previous year when there was a substantial recovery from the depressed levels of 1975, exports are a number of important markets, including North America, the Middle East and West Germany, are well up. Much of the increase in Germany has resulted from the continued

strong export performance of the Scottish woollen producers who now send more than 60 per cent. of their output overseas.

In its submission to the Government's Industrial Strategy, the Wool Textile Economic Development Committee has suggested that the best prospect for the industry lies in continuing to increase its share of export markets, while at the same time striving to hold down to roughly present levels the share of the home market captured by imports — roughly 20 per cent. for fabric.

It is a strategy which has won the broad support within the industry at the in-company discussions which the EDC has been organising, but although the industry's performance to date has been good, companies have pointed to a number of difficulties in the way of achieving the targets which the EDC has laid down.

Competition from low-priced Italian woollen goods has caused disruption in a number of markets, including the U.K., where the penetration has now reached 40 per cent. Despite complaints by other European wool textile producers of unfair subsidisation of the Italian industry, the EEC has so far failed to secure any Italian agreement on more realistic prices.

On exports there are increasing doubts among a number of U.K. wool textile producers over the ability of the Middle East to continue absorbing large quantities of British cloth, particularly the medium quality cloth produced in Bradford.

Yet if the Middle East market does decline there is little prospect of another major market developing to take up the slack, as the Middle East itself did when trade with Japan fell back from the peak achieved in the early 1970s. The industry has managed to increase its sales into the U.S. this year, particularly in woollens — up more than 50 per cent. over last year to more than 4m. sq. metres.

Sales of worsted remain comparatively small, however, amounting to less than U.K. trade with Ireland, and expansion is limited by the very high U.S. tariff of around 50 per cent. The U.K. industry has been pressing for a reduction to be incorporated in the Tokyo Round, and has been gaining support from the U.S. cloth industry, which would like to gain access to top quality British cloth. The very strong man-made fibres lobby in the U.S. has always succeeded in the past, however, in opposing reductions.

The industry has also become increasingly concerned in recent years at the growth of restrictions in other markets around the world, some of which are now seeking to build up their own wool textile industry. South America, once a major sales area for U.K. cloth is now virtually closed by tariffs and other duties, and barriers of one form or another have to be surmounted in other traditional markets including Australia, New Zealand, and South Africa.

There is the problem, too, of greatly increased competition in third country markets from newly-emerging wool textile industries. Capacity to manufacture wool yarns and fabrics, primarily designed for the wealthier markets of Europe, the Middle East and Japan, is being installed in Algeria, Argentina, and a number of other countries, and major developments have also taken place in Eastern European countries, which for several years have been the largest buyers of wools from Australia, the principal wool-grower.

Thus, although the U.K. is likely to remain an important supplier to world markets, the EDC is encouraging it to look much more to European markets, in most of which it still has a smaller share than its size warrants. Thus in fabric Italy's exports to West Germany are roughly six times those of the U.K., while in yarn France sells four times as much to West Germany. Trade in cloth between Italy and the U.K. is ten to one in Italy's favour.

R.D.

Fibre production

THE U.K. TEXTILE industry an "old-style" cyclical downturn. For textile manufacturers and processors, this worsening variations, which used to be discussed in almost fond terms and which basically divided into two segments — the annual variations connected with the spring/summer and autumn/winter fashion-related seasons, and in the broader context, a cyclical change perhaps every three years or so.

Now, however, the fact is being faced that the old concept of cyclical variations has disappeared, and many doubt whether this is merely a temporary deviation from the long-established pattern. Rather is it felt that the past mix of market offtake variations and, to an extent, the advent of major technological breakthroughs is now being replaced as the overriding influence on trading patterns by the more sinister (and almost frightening) considerations of politico-economic stances being adopted by the major world power blocs.

The inevitable upshot of this has, of course, been the almost overwhelming flood of low cost imports of fibres, yarns and garments into the U.K. and Europe from mainly Far Eastern sources; worse, this has happened during a period of almost galloping recession which in turn had followed programmes which stretch through every layer of produc-

tion and processing from the raw fibre or filament yarn to the High Street stores where their "payback" on such a costly exercise is the appearance of their fibre brandname on the garments in question.

Just when U.K. fibre companies are in desperate need of finding the means of triggering an upturn in their sales levels, it is obvious that the chances of a "miracle" breakthrough are made even slimmer by the overall necessity of containing operating costs and therefore lessening the intensity of technological development. The tendency has apparently moved in the direction of prudently shading certain speciality fibre and yarn versions in order to effect a more rational (and therefore more economical) structure of production more closely attuned to what might be termed an unsympathetic market at the moment.

Looking at the whole depressing picture, which has seen U.K. fibre producers setting on a plant utilisation level of currently no more than 70 per cent. when taken as an average across nylon, polyester and acrylic fibre making, the then apparently pessimistic opinion expressed nearly a year ago by ICI Fibres that the picture would not brighten until the turn of the decade now seems optimistic, if anything — more

like the mid-1980s is the earliest we shall see a real comeback for U.K. fibre producers to any think like the manner of operation and accompanying profitability seen ten years ago.

The moves in the EEC by some fibre producers who have either closed down or cut production at selected plants have had the effect of taking between 300,000 and 400,000 tons a year of productive capacity out of the European fibres market — due largely to moves by ICI, Bayer and Enka — and in addition to this there is a substantial amount of fully constructed, but as yet uncommissioned, productive capacity to be added to this figure.

There is another (and, as yet, little discussed) problem looming ahead for U.K. and European fibre makers. This is the strong possibility that American fibre producers will start to turn increasingly to this side of the Atlantic to boost their off-take. Already, there have been instances of U.S. fibre companies selling polyester feed yarns to U.K. and European yarn texturisers, and the feeling is that this could be the tip of a very substantial iceberg based on three factors — American policy has been to couch fibre prices at levels not influenced by violent fluctuations in world oil prices; the leading fibre makers operate very large scale,

ultra-efficient production plants geared to market flexibility; range now commands over 15 per cent. of total polyester fibre production capacity at Enkalon's Antrim, Northern Ireland, plant within a year of commercialisation, and textile fibre sales director Stephen Johnson reckons that this will be around 40 per cent. by the end of this year — a phenomenal rate of initial market success which not only spells more revenue for Enkalon but also — extremely important — the characteristics of the f.d.f. Diolen yarns has effectively provided a welcome vehicle for some knitters to take the dust sheets off recently unemployed circular knitting machines and to create impressive new ranges of dresswear, swimwear and underwear.

Eugene Dempsey

'ICI Fibres is now in pretty good shape...we believe we can again have a viable European textile industry'

John Stuart, Deputy Chairman, ICI Fibres Division.

The ICI interview with Robert Heller

The European man-made fibres industry has been in deep recession. How has ICI — one of the UK's largest producers — coped with this dramatic change in fortune, and what are the prospects for the future? Robert Heller, Editor of 'Management Today' talks to John Stuart, Deputy Chairman of ICI Fibres Division.

Heller: The fibre industry in Europe has lost £1,500 million in three years. Isn't that a signal to get out of the industry, rather than stay in?

Stuart: Well our losses have been much less than our competitors', and if you just said 'shut it down' you'd tear a great hole out of ICI for a start. Secondly, I don't think it's really acceptable for this country to have no man-made fibre industry. Other ICI divisions have experienced recessions in the past and pulled out of them. We have confidence that Fibres Division can do the same.

Heller: What practical measures have you taken to reduce your losses?

Stuart: We've closed two filament factories — one in the UK, the other in Germany. By restructuring, we're going to get almost the same output from our remaining factories. We've also reduced the 13 factories we took over when we got involved with the texturing business to two, plus one processing factory. Altogether we've been able to reduce the number of our employees — including office staff — by about one third.

Heller: And how much have you reduced costs by?

Stuart: At least £50 million a year — that's why our losses will be about £15 million for



John Stuart, Deputy Chairman ICI Fibres Division, discussing future prospects of the European textile industry with Robert Heller.

1977, compared with the £70 million or more which some of our competitors are expecting.

Heller: Where does this leave ICI Fibres now?

Stuart: We believe we have taken the major steps that were necessary to make us fully competitive. We supply nearly a quarter of the European market for nylon, with a good product range for every trade that nylon goes into, and we have a sound position in polyester. In addition we have complete security of raw material supply. ICI's Petrochemicals Division is integrated right back to North Sea oil, through our stake in the Ninian field.

Heller: Do you think the new Multi-Fibre Arrangement will produce a healthier market for European textile producers?

Stuart: Yes — we believe the new agreement is fair and provides a framework in which the

European textile industry will have the confidence to invest. Even so, the European fibres industry still has to adjust its size to the present demand.

Heller: If everything went well, when do you reckon you might have a healthy, profitable industry in the UK again?

Stuart: I would have expected this to take until 1981, but the profit shock that all fibre producers met last summer, when sales really fell away badly, is likely to force them to take action much sooner and could get us back above the break-even mark during the next two years.

Heller: How does your capital investment programme this year compare with earlier years?

Stuart: Despite our losses we have kept on investing — at a rate of about £1 million a

month in the UK and £½ million on the continent.

Heller: Would you say that, as a company, you're as close to the market place as you should be?

Stuart: Yes, we regarded this as a key factor when we changed our structure just over a year ago. We've set up a Textile Centre at Harrogate to match the very successful Carpet Centre which we have had in Germany for several years. It is a development unit which combines more closely the skills of



Part of the new Textile Centre at Harrogate.

our merchandising and technical staff and has given us even closer contact with the market place.

Heller: To sum up, you're saying that prospects are brighter and had it not been for the measures you have taken, your losses would have been many times higher.

Stuart: Yes. We're more or less through with the cost cutting reductions of the last two years and I think these have been seen to be justified by results so far. ICI Fibres is now in pretty good shape to go forward. We believe we can again have a viable European textile industry. And fibres will again be a good business to be in.

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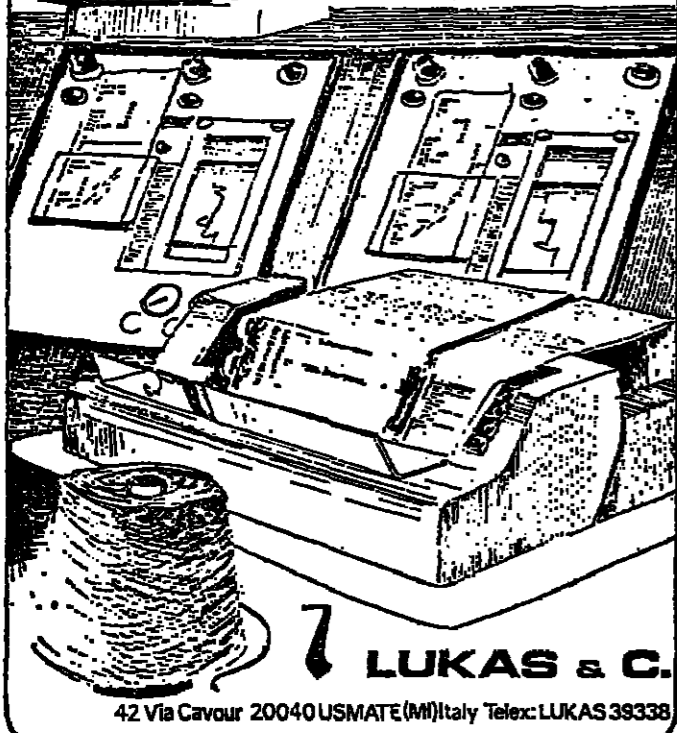
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U.K. TEXTILES IV

Cotton is the keystone

GOVERNMENT MINISTERS in the U.K. are not going to be very pleased if they receive many deputations this year from the Lancashire-based cotton and allied textile industry. For, after a period of prolonged lobbying by the industry for greater protection from low cost imports, Britain made minimum growth in cotton yarn and fabric quotas its touchstone in the recent Multi Fibre Arrangement talks. Without this, Britain made it clear it would not be able to give its consent to a new European Community agreement with low cost suppliers.

And, as the recently published details of the agreements show, the industry appears to have obtained most of what it had been seeking. Cotton yarn and cloth are among the products where the Community will in future impose very severe restrictions on future imports growth rates, and Britain, which has the highest levels of penetration among the Community members, has been given the lowest growth rates of all.

The industry is likely to reserve final judgment until it has become clear how the new agreements will operate in practice. Nevertheless, for Lancashire textile producers a new era may well have opened from the beginning of this year. The industry has been declining for most of this century, from the time when it supplied a large part of world requirements of cotton goods. With other producers entering the market it was clearly not possible for Lancashire to go on—as it used to be observed—making for the U.K. before breakfast and for the rest of the world after, but the weight of the industry's submission over recent years has been that the rate of decline has been too steep. Total employment is now down to under 80,000 and production of spun yarn has fallen by more than half in the past 20 years, a much steeper rate of decline than in most other European countries.

The MFA agreement will not enable the industry to recover markets. In woven cotton cloth, for example, some 60 per cent of the market is now held by imports, and though in spun yarn the penetration—around 25 per cent—appears low, this is only because most of the market available to spinners has already been lost as a result of the high penetration of cloth imports. Furthermore, in both woven cloth and spun yarn very

COTTON AND ALLIED TEXTILES			
EMPLOYMENT		Spinning	38,500
		Weaving	27,530
		Finishing	18,800
			74,830
MAIN AREAS		Lancashire	
NO. OF ENTERPRISES		274	
OUTPUT		n.a.	
		Yarn and woven fabrics	
		1976	1977
TRADE BALANCE			(Jan-Sept.)
		£	£
EXPORTS			
Cotton yarn and spun			
MMF* yarn		60.1m.	47.9m.
Cotton and MMF woven			
fabric		162.5m.	154.3m.
IMPORTS			
Cotton yarn and spun			
MMF yarn		83m.	76.9m.
Cotton and MMF woven			
fabric		387m.	357.9m.
* MMF, man-made fibre.			
MAIN PRODUCTS			
Yarns and fabric for apparel, household textiles and industrial uses.			

severe pressure has been placed on local producers over recent years by the rock-bottom prices which overseas suppliers—particularly those seeking to establish a position in the U.K. market—have been charging.

Nevertheless, the agreements reached with the main overseas suppliers by the EEC will give domestic suppliers the assurance of more stable market conditions, and an absolute ceiling will be placed on imports of yarn and cloth, so that problems caused over recent years by the emergence of new suppliers outside previous quota control should be eliminated.

Restrictions

Equally, restrictions of varying degrees of severity are being placed on imports of clothing and other products and this will help the customers of the U.K. spinning and weaving industry. The industry does therefore have the prospect of being able to plan its future over the next few years against a more stable background that it has enjoyed at least since the war.

The industry has also seen a substantial measure of concentration over recent years as a result of textile mergers. Courtaulds alone now controls roughly half total U.K. cotton-spinning and much of

the rest is in the hands of the other three major groups—Carrington, Virella, Tootal, and Coats Paton. Through these latter two companies Britain maintains a very large share worldwide in the important market for sewing and industrial threads. On the weaving side production is again concentrated in the hands of the big vertically integrated groups and other specialists—Lancashire textile concerns such as Vantona, the household textiles group.

Under the weight of imports pressure the sector has also been obliged to invest heavily for survival, and actually increased its share of total U.K. textile spending from 24 per cent in 1968 to 30 per cent in 1973. In spinning, Courtaulds alone has spent £40m. over the last eight years on new plant, concentrating its production in 30 modernised installations. Outside East Europe of new Open End spinning machinery which offers a quicker and cheaper method of producing certain qualities of yarn, compared with the conventional ring-spinning system, and other producers too have invested in the equipment.

Developments of this kind have enabled the industry to increase productivity at a faster rate than competitors on the Continent. Though the U.K. now

operates only one-tenth of the number of spindles which were working in 1937, production of yarn is still around 40 per cent of the total 20 years ago.

In weaving, the industry was forced out of some markets because of cut-throat competition from overseas suppliers, and an attempt by Courtaulds to compete against the Far Eastern suppliers in the production of bulk cotton-polyester fabric also came to grief. With opportunities limited in commodity areas like these, however, weavers have moved into other markets where a higher price can be obtained for technically more sophisticated products.

Thus, a major push has been made in recent years in household textiles, an area where U.K. companies have been some way ahead of their Continental rivals in recognising the potential for easy-care, fashion coordinated, printed and dyed, cotton-polyester blends in the sheet music.

More sophisticated fabrics have also been developed for industrial uses, and for safety and workwear. Courtaulds is hoping to win a major share of European markets in a number of fabrics, but is choosing those that require a degree of technical expertise which imports will find difficulty in matching. The company is a major producer of corduroy, currently the most important leisurewear fabric, and of woven textured polyester, a comparatively new fabric which is expected to make major inroads into the markets now held by competing cloths including wool-polyester and rayon-polyester.

If more stable trading conditions do now result, therefore, from the new Multi-Fibre Arrangement framework the industry could be in a position to increase substantially its share of markets in Europe, filling gaps left by wholesale closures among local producers. Short-term problems, nevertheless, remain for the U.K. industry, in particular the continued slow recovery of world demand for textile products.

After making a good recovery in the closing months of 1976 and early last year, the spinning industry has experienced a falling-away in business throughout much of 1977 and early this year, with order books continuing to shorten. In weaving, the closing months of last year also saw a marked decline in levels of activity, though it is possible that in both sectors clarification

of the new quota levels which will operate for imports could now result in some increase in demand.

The weak state of trade has meant, however, that in both sectors there has been an extension of short-time working over the Christmas period and total employment by the industry showed a decline in 1977 alone of more than 3,000. In addition many jobs within the sector are now being supported by Temporary Employment Subsidy and the Government has been warned that, unless there is a substantial increase in business over the next few months, many more people could be made redundant as TES is phased out.

The case for further assistance is being considered by the Government but it has to persuade the EEC Commission that a new

scheme is justified. The industry is confident, however, that it has achieved a better relationship with Government and that its problems will continue to be looked at with some sympathy.

The forum in which the industry meets at official level with Government and trade unions—the Group on Developments in the Cotton and Allied Textiles Industry (GODCATI)—is to be strengthened with the various parties agreeing to increase their level of representation. It has now been recognised, the industry believes, that the cotton sector remains important to the U.K. economy as a whole, and furthermore that on its success or failure depend the fortunes of other parts of the textile industry as well.

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Pauline Long

Design stays ahead

IT IS ONE of the perennial puzzles of the U.K. textile scene that while Britain continues to produce talented textile designers, the use that is made of their skills always seems somehow to fall short.

It is a problem for which a number of possible explanations has been offered. First, because of the contraction of the U.K. textile industry over recent years there is clearly a much more restricted domestic market to supply and this has cut both the opportunities for young designers to sell their work, and the scope for employment.

More fundamentally, however, there is the underlying dispute over whether industry is adventurous enough in the use of designers and on the other hand whether the colleges are turning out designers with an adequate grasp of commercial realities. According to the industry it is very often difficult to fit designers in and it may be at least two years before they have had sufficient experience for their work to be very useful.

Complaints

Designers complain that the industry is not geared to understanding what they are trying to do and lacks sufficient flexibility to change hallowed methods. On the continent the quality of U.K. designers' work is recognised. It is not unusual for continental studios to snap up U.K. college graduates for contract work, only for their design to be sold back later to U.K. textile houses looking for a European style.

The fault almost certainly lies on both sides and it is perhaps a source of encouragement that efforts are now being made to narrow the gap that exists between designers' aspirations and industry's caution. "Students need to acquire a knowledge of the trade but management too should realise that young designers are tuned in to the next rather than the last fashion look. The problem is finding ways of marrying these two elements with their widely differing expectations," Professor

Joanne Brogden, head of the School of Fashion Design at the Royal College of Art, points out.

The need to do so is certainly critical if Britain is to secure a wider share of European markets for quality textile goods and also to win back some of the market share lost at home to imports from other developing countries—a point reinforced by the Fabric Buyers Association, representing the big clothing and retail buyers. "Our members want to buy British goods but in a very competitive atmosphere they have to choose the best designs available from all over the world," Mr. Don Smith, their chairman claims.

It is a problem which has been concerning the British Textile Confederation which is currently working to achieve much closer working liaison between the colleges and industry, and at a recent joint BTC-Design Council seminar, Mr. Harry Leach, a director of Tootal, suggested as a means of achieving this much greater use of sandwich opportunities so that students could see their work in a commercial environment, and could assess its impact in factory conditions.

A number of practical moves have already been made by the industry to promote the concept of good design in textile production, including the appointment by Courtaulds of Sir Paul Reilly, a past director of the Design Council as advisor. The Royal College of Art too has just created a new school of design management and new links with industry and increased attention to design in industry is being given in a number of colleges. Manchester University has a new BSc course in textile design and Design Marketing. Brighton Polytechnic has inaugurated a four-year sandwich course on fashion and textile design, and Huddersfield Polytechnic has started a degree course in Textile Design which includes market-orientated studies. At Glasgow, the Scottish College of Textiles has upgraded its diploma to a degree course.

The experience of the Scottish textile industry, which

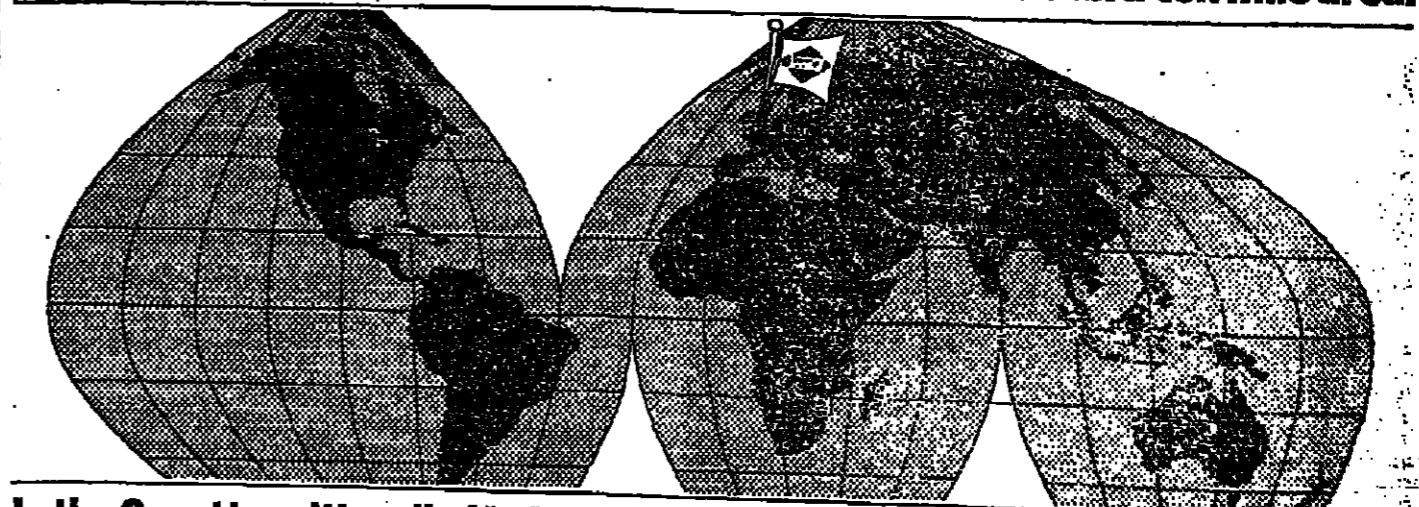
is currently enjoying a world-wide boom in demand for its woollen cloths, perhaps offers a lesson for other parts of the U.K. textile industry. As in the case of Reid and Taylor, which exports the vast bulk of its annual output of highly expensive all-wool twist cloths, great emphasis has been paid to design, and in particular its continuing development.

"People come to us for well understood and well-loved designs, but to stay successful we have to build on these to produce something familiar, yet different. This is a test of our ingenuity and skill, and it is where the designer can exploit knowledge and technique as well as artistic appreciation," John Packer, Reid and Taylor's managing director, points out. Reid and Taylor has topped up

its Scottish themes in recent years by drawing on new sources of inspiration—among them Venice and Persia.

The problem of making sure that Britain makes best use of its design resources to ensure that the U.K. textile industry survives and thrives is one which both sides—those responsible for training designers and those who employ them—now recognise much more widely. "If commercial knowledge is missing in students then we have to instil it into them," Professor Brogden states. Equally, as Mr. Harry Leach points out, "Planning and working together must start by making the best of designers' talents." It is the cross-fertilisation of the total design package that matters.

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- Samuel Perry—dyeing, finishing and dry cleaning machines.
- T. Grieve—needles and accessories.
- Economic Stampings—precision engineering.
- John Jones—castings.

The Innovators

Management

EDITED BY CHRISTOPHER LORENZ

It is commonly said that the only way to run large and complex organisations is to decentralise, to push responsibility down the line. The theoretical attractions of sub-dividing a big company into smaller, semi-autonomous profit centres are obvious. But what is often forgotten are the practical difficulties involved in making the changes. There are, moreover, serious doubts about whether a profit centre system is feasible for certain types of company.

For a conglomerate like Thomas Tilling, whose subsidiaries are genuinely separate businesses, profit centres present no great organisational problem. But for a one-industry company whose purchasing, production and distribution operations are to a considerable extent interdependent, the choice of organisation is much less simple. British Steel cannot be managed on the same basis as Thomas Tilling—or, for that matter, as GEC; for although GEC is primarily in the electrical and electronics industries, there is not a great deal of interdependence between, say domestic appliances, turbine generators and military electronics.

In considering whether or not to decentralise profit accountability, the first question for top management is—*is it feasible?* Can it be accomplished to give realistic profit responsibility without necessitating highly inefficient forms of organisation? In highly integrated businesses, where major decisions are forced upwards in the hierarchy, by the interdependence of operations, attempts to create profit centres have been made from time to time, usually because top management has fallen into the trap of recognising their desirability but ignoring altogether the question of

A senior manager with experience of British and U.S. companies warns that the fashionable cure of decentralising profit accountability is not always as easy as it seems.

The pitfalls of profit centres

feasibility. Lack of proper organisational and personnel preparation for profit centre management in the firm has made matters worse.

The profit centre concept rests on the assumption that it is possible not only to separate out the operations of an integrated company into divisions, but also to measure separately the profitability of each. The executives in charge of the divisions are entrusted with certain assets and are expected to make the best return on these assets.

When divisions are interdependent—in the sourcing, processing or distribution of their materials and finished products—profit accountability has to be accompanied by sophisticated procedures and controls to ensure that achievement of corporate objectives is not prejudiced. The executives in charge of divisions have to be motivated by the system to make decisions in the interests both of their own divisions and the company as a whole.

Even if a theoretically faultless organisation of decentralised profit centres can be defined, it can founder when there

is neither the profit margin in the product nor the management talent available to afford it and to make it work. Since profit-accountable divisions must be viable units, procedures must first be established to make them workable not only on such matters as profit and loss accounting, transfer pricing and allocation of common service costs, but on numerous other matters which inevitably are of common interest to divisions and corporate departments alike. More vital still is the question of management resources.

Some of the basic questions that must first be answered are: Are there adequate distinctions between the divisions—in products, processes, operations, or the means of distribution—to make the concept realistic? Can a financial control system be devised that will ensure the necessary consistency of interest between the company as a whole and each of the divisions in the management of business and assets? Should it be based on gross book values, written down values or replacement values?

If common technologies and skills are involved, are there sufficient reserves of specialist and management talent in the company to accomplish objectives despite the organisational fragmentation required by profit centres?

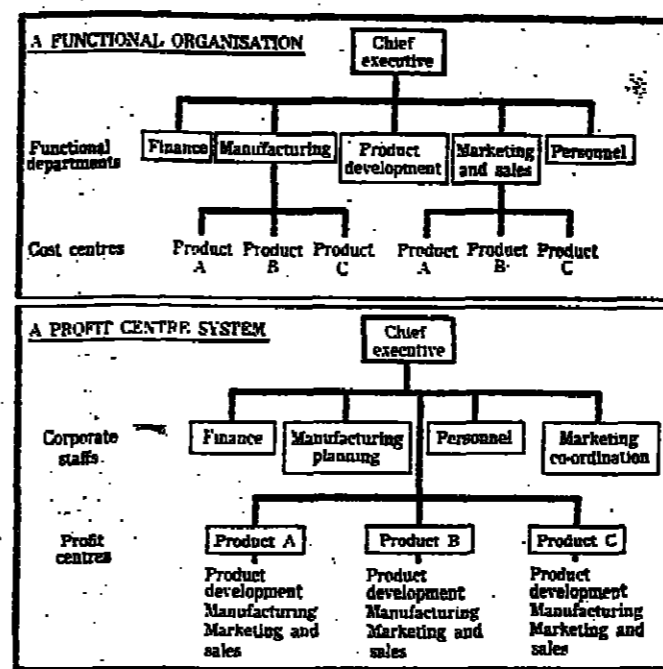
What areas of interest common to all of the profit centres will remain? How are they to be handled? What central staffs and/or central service agencies are needed and with what functions and what authority?

Procedures

Is the additional overhead required known? Can it be supported by the increased profitability that is expected to result from profit centres?

What additional procedures and management controls are required? What form will training take? How will the change of style be managed?

Decentralised profit centres usually cost more to operate than non-decentralised systems. This is principally because of higher manpower, more elaborate information flows and,



usually, an increase in intra-company bargaining effort. The assumption is that this increased cost will be more than offset by better performance. Improved direction of operations and speedier response to market conditions, coupled with profit consciousness at a lower level, will assure increased revenue. It follows that, to qualify as profit centres, divisions need precise and clearly-defined tasks and products or services that can be valued inside and outside at market prices.

The advantages of profit centres are that they free top management from having to make short-term decisions and separate the longer-range planning from the fire-fighting. At the divisional level decision-making is brought closer to the scene of action. More directly motivated managers become accountable for their own per-

formance, and are more encouraged to evaluate it themselves. Employees can identify with clear localised objectives; this helps to develop the esprit de corps that eludes the bigger monolithic enterprises. There is, however, another side to it. In the integrated company with its operations all more or less in the same industry, profit centres can bring with them many serious disadvantages, particularly where the organisation is ill-equipped intellectually to design and administer the new style of management.

Besides, profit centres have a marked propensity to generate more administrative overheads than are strictly necessary. Their managers want to be in charge of their own destiny and this can lead to decentralisation of functions which might be better centralised, such as

employee relations planning and compensation policies, marketing research, treasury operations, data processing and property management.

Unwary management is often tempted to decentralise such functions rather than install the sophisticated procedures which are necessary to keep them centralised without detriment to divisional autonomy.

Some duplication of effort between corporate departments and divisions is often inevitable. For this and other reasons there are frequently troublesome relationships between the divisions themselves and the "central" departments. The profit centre concept is frequently conflict-prone and, unless the control system is properly planned, the conflict is not always constructive. Soundly conceived, well documented and formally issued procedures are necessary which can stand the course of time.

Divisions buying materials and services from other divisions in the same company treat their purchases costs as totally variable. To the company as a whole they are not. Yet risk and strategy can often be based on this misconception. Moreover, there is a tendency which, unless corrected, causes divisions to aim at short-term gain at the expense of longer range profitability. Good, sophisticated means of evaluating divisional performance can correct this (but return on investment if used in isolation is one of the worst criteria). Transfer prices for long run supply items must be adjusted periodically to take changing costs into account, otherwise the end product divisions make relatively higher profits.

There is a tendency for top management in making the

change to maintain features of the old organisation, such as strong corporate staffs, as well as so-called autonomous divisions. This adds to the conflict, escalates costs, and can place the best management talent where it has least impact. Profit centres need an abundant supply of good management which in many companies is a scarce commodity. Rarely can the old production centre managers be converted overnight to profit-orientated business entrepreneurs.

Profit centres need a total change in attitude company-wide. Top management must step back (often reluctantly) from close involvement in the divisions but must still have control of the firm. This requires a subtle balance which evolves over time.

Open and articulate discussion of how the organisation is to work and how individual and group responsibilities will relate to each other is essential. With profit centres it is vital for all executives to understand the new organisation. Many companies do not wish to incur the cost and effort associated with this seemingly tedious education. Some lack the ability to define the working relationships.

Regular reviews of the organisation are required as the structure evolves and as the environment changes. Meanwhile, the chief executive's corporate staff departments must remain strong enough to maintain corporate interest when the aims of two divisions conflict, but not so strong as to impair the divisions' effectiveness. Most important of all, the company must know its ultimate organisational target before embracing profit centre management.

800 Miles to Valdez; The Building of the Alaska Pipeline by James P. Roscow. Prentice-Hall, 27, 227 pages

THE \$8bn. project has been called the world's biggest industrial project undertaken by a private group of companies. Business writer James Roscow describes it thus: "Technically, managerially and legislatively the pipeline has dwarfed any other modern-day industrial enterprise." It is as hard to fault that description as it is to underplay the pipeline's significance. By this summer the line should be carrying 1.2m. barrels a day from Prudhoe Bay, the largest oil deposit in the U.S. Together with the existence of oil in the North Sea and Mexico, it is one

of the reasons why the Organisation of Petroleum Exporting Countries is temporarily finding demand for its own oil slackening. So the pipeline is a factor in weakening oil prices.

As the book says, Prudhoe Bay and the pipeline have reshaped the four major owners. British Petroleum, once the seventh largest oil company heavily dependent on the Middle East, has jumped to third place in the world rankings. Exxon may soon gain nearly half its U.S. oil from Alaska alone. Atlantic Richfield and Sohio have been catapulted from the middle ranks of U.S. companies to among the "biggest and best-balanced groups in the country."

The £8bn. Alaskan pipeline epic

BOOK REVIEW: BY RAY DAFTER

It is a salutary thought that the pipeline's total costs are larger than the assets of all but three of its eight owners. But that is the scale of the project which has pushed forward technological and environmental barriers and which has even helped to solve a human rights issue.

The pipeline scheme coincided with a drive to settle native land claims that had stood for centuries. The two became linked and the result was the Native Claims Settlement Act of 1971 which restored 44m. acres of land to Alaska's 70,000 native Aleuts, Indians and Eskimos, as well as giving them a great deal of investment cash.

That piece of legislation, environmental wrangles and prolonged legal battles frustrated the progress of the pipeline which was at first expected to cost \$800m. and to be on stream in 1972. It was 1974 before the construction work could really get under way.

During the ten years from its conception the project would employ no less than 70,000 people from all over the world. Roscow describes simply the logistics of the project. "Alaska leads itself to active streams, as undisciplined as its own rivers. Yet all of the adjectives will very nearly be accurate." But cold figures can be as impressive as purple prose. Here is what was needed for the start of the pipeline supply road: "Start with

800,000 gallons of diesel fuel—400,000 delivered by road, 400,000 by air. To use the fuel, bring up 716 construction vehicles and other pieces of equipment from below the Yukon. Take another 75 pieces of equipment out of mothballs at Prudhoe Bay, where it has been stored since 1970, and recondition it. Bring up 600 tons of replacement parts. Bring up 600 prefabricated camp buildings and 2,200 tons of camp supplies. Do all this in less than three

months. Okay, now you're ready to start on the real work."

The real work entailed constructing a 48-inch diameter pipeline across a wilderness, much of it permanently frozen, three mountain ranges and over 800 rivers and streams.

Everything was on a grand scale—even the mistakes and crimes. In 1975 it was found that records of a number of pipeline welds had been falsified. Some 30,800 welds were called into question. These were inspected and eventually 3,955 welds were dealt with and repaired. The cost: \$55m. The project manager for the X-ray contract taking died in his flat after taking cyanide. Roscow's estimate for theft

and fraudulent billing in 1975 alone is between \$40m. and \$70m.

And yet the pipeline was completed by mid-1977, the deadline set in November 1973.

The Alaska pipeline construction was a frontier venture. It not only linked Prudhoe Bay with an ideal export terminal at Valdez in the southern Gulf of Alaska, it also spanned two distinct periods of time. As Roscow perceptively concludes, it was started when the world thought its supplies of energy were inexhaustible. It was completed when consumers had been shocked by the 1973 energy crisis into the realisation that fossil fuels were being rapidly exhausted.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ELECTRONICS

Tubeless TV camera of the future

DEMONSTRATED by RCA, very recently a lightweight colour television camera has no tubes. Instead, three opto-electronic devices called charge-coupled devices, or CCDs, perform the functions of these elements, covering red, blue and green respectively.

They are small silicon circuits with a surface area of one-half by three quarters of an inch but of extreme complexity to provide a sufficiently dense array of light-sensing elements and interconnecting circuits needed for image coding/decoding.

The engineering model demonstrated for closed circuit TV applications and when it becomes commercially available next year, attractive points for users are expected to be its reliability and ruggedness, coupled with low power consumption and elimination of tube replacement problems.

Further development is in hand and future generations of the unit should find ready application in education and training, as well as industry.

The image sensor, less than three-eighths square inch in area, is formed on a silicon chip and has a matrix of 512 x 320 light sensitive cells. The chip thus has over 160,000 elements formed on its surface while the latest less specialised integrated circuits now being made have under 70,000 transistors.

The RCA sensor has a 13mm image diagonal which is comparable in image format to a 1 inch vidicon tube. When a scene is focused on the CCD by the camera lens, the light from various parts of it creates thousands of minute electrical charges in the elements—all differing in relation to the amount of light received. These charges are rapidly read out and processed so that they can be reproduced after translation by TV imaging techniques.

More details from RCA International, RCA House, Curzon Street, London W1V 9EU. 01-499 4100.

PROCESSING

Automatic deionising

FOUR FULLY automatic two-bed deionisers for water flow rates up to 1,200 gal/hr have been launched by Aquatant. They are intended for treating make-up water to closed-circuit systems, for small boilers, hospital and laboratory applications, and for low-capacity production plant.

The same control console, with a simple diagram of the water circuit, is used for each system. 3657).

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More details from RCA International, RCA House, Curzon Street, London W1V 9EU. 01-499 4100.

Board test sales claim

AT THE same time that it has announced the shift of its European headquarters from Switzerland to the U.K., Massachusetts-based company GenRad has made the surprise claim to the position of "number one" in the circuit board automatic test system market.

In a statement last week the company said that during 1978 it will install its 100,000th system, "a total that far exceeds that of any of GenRad's competitors." The statement continued: "This statement further establishes the company as the world's leading supplier of systems for testing logic, analogue and hybrid circuits."

The announcement appears to be the outcome of a considerable "re-think" by the company of its business posture, dating from 1968 when it was still called General Radio and was then mainly known for its quality radio/electronics bench-top test units, notably signal generators. Ironically, the company was "backed into" the board test market by an in-house requirement—it had begun to make low cost counters in bulk and had nothing with which to test it. After investing some 50 man-years in associated software and re-jigging its service organisation to suit, GenRad now claims to be first in the field.

More from the maker at Romney House, Tuford Street, London SW1P 3DR. (01-769 28G. 0279 34561.

COMPUTING

Honeywell's terminal specialists

WITH THE confirmation of the merger between Honeywell and Incom, manufacturer of intelligent terminals, Honeywell in the U.K. has decided that the British branch of Incom—only subsidiary of Incom Corporation outside the U.S.—will operate within the Honeywell management structure in the U.K.

This is an important acquisition for Honeywell, not only because of the excellent reputation of the Incom product line—Barclays, Midland and Bank of England are users—but because something like 2,000 terminals have been installed in the U.K. alone, it is believed.

The U.K. staff of the company is around 80 and Incom U.K. will continue to provide software and engineering support to European distributors. With the network of Honeywell centres all over Europe, however, the latter will have a foothold at a large number of new sites.

For Honeywell, the fact that many users of Incom equipment have it connected to computers from other manufacturers will have it at a foothold at a large number of new sites.

More from Honeywell on 01 568 9191.

SAFETY

Stops shock by cutting current

LOW COST should bring a new earth leakage circuit breaker (ELCB) within the scope of many homes and schools, as well as laboratories and plants. B and R Relays suggests its use where power tools are being operated in damp or hazardous conditions and it will provide protection for individual appliances or equipment rated up to 13 amps. It incorporates a standard 13 amp socket so that appliances can be plugged in directly.

Should an earth leakage fault develop, or if anyone touches a live part of the connected equipment, the ELCB will trip out and the current will be cut off. Tripping speed is less than 30 milliseconds and sensitivity is to under 30 milliamps of leakage current and the makers believe that even small children or the infirm will be protected should there be an incident.

One of these devices in the home would be protection for the accident-prone gardener who proposes to use electric hedge clippers or an electrically driven lawnmower. B and R Switch Products Division, Templefields, Harlow CM20 2BG. 0279 34561.

ENERGY

Improves transfer of heat

CONFIDENTLY EXPECTED to revolutionise heat exchanger design in closed-circuit air-conditioning and refrigeration plant is a surface treatment for higher performance condenser tubes developed by Hitachi in Japan.

The surface structure is a development of the low finned tube, and is produced by a process resembling thread rolling or knurling. In the condenser tubes, grooves are produced at 0.5 mm pitch. The grooves are then cross rolled to produce spikes in the peaks. For the

evaporator tube, a further process bends down the spikes forming a series of porous tunnels. Substantial improvements in heat exchanger performance have been achieved, according to Hitachi. The basic principle is to increase the surface area, to improve the rate at which large bubbles form and therefore the heat transfer coefficient. Called Thermoexcel tubes, they are used in water chillers for air-conditioning plant with outputs from 100 to 10,000 tons.

These gases are collected into ducting which takes them to a heat recovery unit and this heats incoming fresh air before the gases are discharged. Initially, an additional energy source was installed to provide chilling of incoming air in summer. But chilling can now be provided via the same process heat source.

The main characteristic of the system is its simplicity and the only moving parts are the fans which handle the air. "At the plant where the original equipment was installed, Weatex is allowing for four years' payback together with a saving on space heating of some 40 per cent of process energy costs.

Further information from Stuart Beare Associates, Colston Leys, 1, Burnell Close, Biddford on Avon, Warwickshire.

Free space heating

WORLD patents are pending on a method and equipment for the recovery of process heat and its application in the heating and cooling of factory premises. Four British companies are involved in the development of this "free heat" system and have formed a trading consortium which will promote the equipment both for green field installations and for conversion of existing factories.

Confidence in the effectiveness of the equipment is derived from several months operation at the 100,000 square foot plant operated at Burton Latimer by Weatex, which, with Baker Perkins, Daily Heating and Engineering and Stuart Beare Associates, makes up the consortium.

Theovens are gas-fired and it is from the combustion gases that the waste heat is recuperated.

OFFICE EQUIPMENT

Shreds waste paper

WITH AN 18-inch wide throat, the latest shredder from Ofrex, the Fordshired 1800, cuts cardboard and paper waste into 4-inch strips at a rate of 2 ton/hr. of continuously fed paper. Working at a speed of 60 ft./min., the machine will shred a complete file of some 50 sheets, including staples, pins and paper clips, in one pass, ejecting strips into a polythene sack mounted below the unit.

An electronic sensor detects overloading of the shredder before jamming occurs, and the

offending material is rejected for separation and refeeding. A power overload cut-out sensor is also fitted. These overload sensors allow the operator to continuously feed paper with confidence in terms of uninterrupted operation.

Conforming to BS 4654 and BS 3861 for electrical and mechanical standards, the machine is powered by a 1½ hp motor, and operates from a 13A socket.

Details from the maker at Stephen Street, London W1A 1EA (01-636 3686).

METALWORKING

Aluminium in odd shapes

ALUMBAZ is ready to conclude know-how agreements with foreign companies on a process it has developed for the production of special aluminium profiles for the building of odd-shaped windows, or profiles for other building purposes.

Its method permits bending the aluminium to form a circle of up to 1.80 metres diameter, sealed by one seam (which is

usually covered by a decorative handle). Or it can produce hexagonal windows, sealed in four places that can be fully opened without the need for a centre bar.

A recently completed project was a trapezoidal-shaped structure for a shopping centre, made entirely of aluminium profiles. The Alumbaz company is at PO Box 837, Beersheba, Israel.

INSTRUMENTS

Indicates level of oxygen

AN OXYGEN analyser has been designed for use in burner control, industrial processing and safety procedures. An essential part of it is an oxygen sensing device developed by scientists at the City University, London.

Two versions of the instrument are available, one portable and powered by rechargeable batteries, and the other, with more facilities, and battery/mains operated.

The oxygen level is shown, on an LED display, from 0 to 35 per cent in 0.1 per cent steps. It is stated to be accurate to within ±2 per cent of the displayed reading between 15 and 35 per cent oxygen with a response time of 5 seconds.

The instruments have a two-tone alarm which indicates low oxygen, and which can be pre-set to indicate high or low levels of oxygen. These indications are also shown by a flashing display. The units are unaffected by temperatures from -5 to +50 degrees C, pressures variations

Sharp cut in cost of comfort

MAJOR savings in fuel consumed and in maintenance are reported for a natural gas-fired warehouse heating system developed by the Casaire company in conjunction with NRDC.

Installed in an Argos warehouse in Daventry which has 12.5m. cubic feet of space, the equipment will heat up the building in just 20 minutes, blowing air heated directly by natural gas (and thus with 100 per cent thermal efficiency) through high-level venturi, fitted to the ducts at ceiling level. Mean gas saving is achieved since the thermal gradient through the 35-foot high warehouse is only 3 degrees C.

Compared with a similar warehouse heated by a conventional gas-fired hot water system, the Casaire-equipped building consumes 30 per cent less fuel and maintenance costs are drastically reduced to £300 a year compared with £5,000. This is primarily due to the use of the Carrier Corporation fans, there are no pumps, valves or dampers in the Casaire design.

Wall-mounted thermostats control the delivered temperature by actuating the burner flame which has a turn-down ratio of 25 to 1. Stable and clean combustion—an important factor—is claimed over the whole range. Further information from Casaire Ltd, 10, The Quadrant, Northolt Road, Harrow, Middlesex HA2 0DY. 01-864 0288.

between ±20 per cent of atmospheric, and relative humidity up to 100 per cent.

Including the connecting cable, the sensor weighs 300 grams and measures 30 mm diameter by 80 mm. It can be lowered on its four metre long cable into tanks to check the oxygen level.

In safety applications the portable unit can be used to check oxygen deficiency in areas where inert gas purging has been used, and in confined spaces. It can also check for excess oxygen in industries such as steel making, in sewage works, and other processes, where liquid oxygen is used, and may present a fire hazard. The unit can be taken into confined spaces and work areas, when it acts as a continuous monitor to provide an alarm if too much or too little oxygen is present.

A major application envisaged for the larger unit is in monitoring the oxygen content of flue gases.

The instruments, which will be available at the end of February, are made by Neotronics, Building 102, FST's Site, Stansted Airport, Stansted, Essex CM24 8QX (0278 870182). The portable unit will cost £180 and the larger unit's price will range from £250 to £320 depending on the optional facilities fitted.

Koyo
quality delivered on time

Learning to tame micros

DESPITE the thousands of words written each week about the microcomputer, what it will mean to industry and methods of using it, trained engineers who want to learn—quickly—how to go about incorporating micros into their designs are finding it hard to obtain adequate courses with the appropriate amount of practical material.

One series of micro courses, designed by an independent software specialist and now given the backing of Motorola for use both in the U.K. and Europe, is attracting considerable attention from other micro manufacturers as well as engineers from many companies in the field, including IBM.

For the present they consist of a five-day introductory session and a ten-day "workshop" which presupposes basic knowledge of microprocessors—which need not cover Motorola products.

Apart from hearing the formal lectures on the design of operational routines, participants have ample time to work with equipment specifically designed to show how micros fit into, say, control systems. One piece of equipment allows a micro system to communicate with another such, and so on.

By the end of the course any control engineer should be able to design and test programs to run on micros and link the latter to other equipment satisfactorily.

More from Bleasdale Computer Systems, 23 Eastway, Morden, Surrey SM4 4HW. By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

GENERATORS
static and transportable units from 3KVA to 750KVA. Base load standby or no brake systems. Sale or rental. Manufactured by SHANNON Power

Lombard

From class to caste

BY JOE ROGALY

BRITISH society may be disintegrating, but it does not quite understand why. That is the principal message to be received so far from the current series of Reith Lectures by Dr. A. H. Halsey, Professor of Social and Administrative Studies at Oxford. Wednesday's broadcast, the third, must have struck listeners to Radio 4 as especially puzzling, since it concerned itself with that most impenetrable of social phenomena—status.

This appreciation of the content of Dr. Halsey's talks is not meant to be an adverse comment on their quality. We have yet to hear the remaining three lectures, and it is always possible that by the end he may have provided an explanation that satisfies at least some of us. And the broadcasts that they set down pieces of the puzzle, which is a start.

The opposite

Some of these pieces are worth picking up at once. For example, in a few more or less throwaway lines last Wednesday Dr. Halsey suggested that while most British classes and status-groups may be fairly loose-knit nowadays, the classical working class has become so tightly bound that it is very nearly a caste.

"There has developed," he said, "a more homogeneous and indeed more hereditary working class. This is not, by any means, the expanded and immiserated proletariat of classical Marxist prediction."

"Quite the opposite. It is contracted, better off, and more collectively powerful. But it is largely recruited from second and third generation people of working class antecedents."

The listener's mind jumps immediately to the miners, or the shipbuilders on Tyne, or the employed dockers, or the wandering gypsies of the building trade. Caste explains some of their behaviour with far more clarity than class or status.

Again, in last week's lecture, Dr. Halsey reminded us of the extent of the contraction of the traditional working class. At the beginning of the century over three quarters of the economically active population was earning its living by manual labour. Now the equivalent figure is about a half, and still falling.

Whereas the century started with a fairly stark division between ruling classes and the rest, now we have in the middle the semi-skilled and skilled manual workers (two distinct groups), and the huge advancing armies of clerical and sales

Moonlighting

This sub-economy is well understood by the Italians, who possibly regard it as of greater importance than the respectable economy whose activities are recorded in the official statistics. In Britain the extent of moonlighting, small jobs for cash only, payments in kind, and the like is not measurable, but many people suspect that it has grown.

What are the social and political results? Is there less class inequality than the figures imply, because the sub-economy even out some of the disparity? Or do the class benefits from such clandestine activities in proportion to their existing incomes and wealth? Or is it that the rich moonlighters do best of all? We do not know, and we do not possess the tools with which to assess such important changes. Dr. Halsey, at the beginning of the lectures so far is that what at the turn of the century was an understandable structure of society has become a vast puzzle. We know that we are now able to set out some of the pieces. But it will probably take another Marx or Keynes to put them together.

AROUND BRITAIN: PEMBROKE DOCK

THE ECONOMY of the towns over the winter months. Even around the Haven and BP has a tanker storage terminal. Such refineries are inevitably capital intensive and employ no more than 1,500 among them. Almost all are men, many of them semi-skilled, with a proportion brought in from outside. It has even been suggested that large construction projects of this type actually aggravate the unemployment position eventually, because many of the workers, attracted by the area, settle down there even without a job to go to.

For this reason, the ferry port is being widely welcomed. B+I has been in Swansea for 10 years, although it is not an ideal location for it. The crossing takes 10 hours, leaving only two hours—the very minimum—for turnaround. By rescheduling its crossing from Cork into Pembroke Dock, B+I can bring the crossing time down to seven hours. Not only does this allow for more time in dock; it will permit a saving of about one-third on fuel costs, and fuel is the important factor at sea these days.

The vulnerability of the Suez Canal and the consequent rapid rise in the size of oil carriers has brought some relief. Milford Haven was discovered to have some of the best water storage in the world. Europe only European can rival its facilities. As a result, since the early 1960s four oil majors—Texaco, Gulf, Amoco and Esso—have built refineries around the Haven and BP has a tanker storage terminal.

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Leirum set for Ayr win

IT OFTEN PAYS to follow Brian Lusk's Irish raiders at Ayr and his two there today, Leirum and Ballymurray, are well worth considering. The first from this pair to take the field is that progressive and now extremely useful seven-year-old, Leirum, who bids for a fourth consecutive victory, and distance victory in the opener, the two-mile Barr Novices hurdle.

Leirum, the 10-lengths conqueror of the odds-on Justafancy

RACING

BY DOMINIC WIGAN

at Ayr in November, went on to beat Minibus by the same margin in a similar event early in December before giving Moorside a good deal of weight and a seven-length beating in a division of the Cardhu Hurdle at the last Ayr meeting.

Leirum, who could have doubled that seven-length margin with the minimum of fuss and Fray, who wished, meets possibly tougher opposition this afternoon. Nevertheless, he has been winning with

such authority that I not only expect him to defy the form, but also to begin after this year's National Hunt Festival meeting, subject to planning permission being obtained.

The cost will be met by a short-term interest-free loan of £50,000 from the Horace Burt Trust, with the remaining £50,000 being provided from Cheltenham's own resources and commercial loans to the Steeplechase Company.

The new concrete structure will provide club patrons with undercover standing for about 2,250, and 850 seats on the second-floor level. The ground floor of the new building will incorporate a bar for Tattersall's patrons, replacing the old Nations Grace bar.

At Cheltenham, a £1.5m. re-building scheme involving demolition of the old weighing room

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BY ANTHONY MORETON, Regional Affairs Editor

That the terminal can be built at all is in no small measure due to the imaginative Milford Haven Conservancy Board. The Board is unique in Britain. It was set up by Act of Parliament, and is not part of the nationalised ports undertaking but a member of the National Ports Council. In effect, it is autonomous. One of the main exceptions to that autonomy is that it needs ministerial consent for any investment over £1m.

It is this point which has allowed opponents of the B+I move—Swansea's MPs, the Welsh TUC, the people of Fishguard, where British Rail runs a ferry service to Rosslare—to mount a campaign of opposition to B+I's proposed move. But they are facing a losing battle. B+I also does not want to stay in Swansea because of tidal problems and if the Minister does not give it permission to go to Pembroke Dock, it will almost certainly use the £15m. boat now being built in Cork—capable of handling 350 cars and 1,500 passengers every crossing and destined for the new service—on some other run.

This would be a major blow to Pembroke Dock. Col. J. A. Sullivan, the Conservancy Board's general manager, goes as far as to say that Ministerial refusal would be contrary to the terms of Magna Carta, which allowed every Englishman the right to trade with any foreign merchantman who could bring his ship in. Col. Sullivan has been instrumental in attracting B+I because it was he who saw the possibilities of developing a 350-yard waterfront site with eight acres of hinterland. He bought the land from Richard Hayes Investment and intends to fund the £4m. cost of development to B+I over 20 years, a longer lease than the five had at Swansea.

However, if B+I will save the shorter run, the motorist driving to the terminal will have to add about 60 miles to his journey. This will inevitably lead to congestion on the narrow roads beyond the end of the M4, particularly with the number of heavy lorries now using this route. To overcome this, road improvement schemes are being drawn up for the worst bottlenecks, particularly St. Clears, and it is long time.

The ferry itself will contribute only marginally to solving the problem of finding jobs. Its importance is that it will provide a variety of jobs and people in the town are very excited about it. It is no wonder that Col. Sullivan calls it the most exciting thing that has happened to Pembroke Dock for a very long time.

Saleroom

BY ANTHONY THORNCROFT

A Christie's sale of objects of art, and continental furniture, totalled £79,500. An ornate, mounted ebony and burlle bureau-plat of Louis XV design, the mid-18th century, and stamped "C. Weller and Co. of London," sold to the London dealers A. and F. Gordon for £3,200.

A set of four Louis XVI-style giltwood fauteuils sold to a private buyer for £2,500. The same piece was sold by Noble Antiques for £1,800. A set of 18th-century mahogany cabinets and two 17th-century

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The rest of the sale demonstrated the rising demand for the 1970s and 1971s—those vintage most sought-after in the boom years of the early 1970s and larger thrown on to the market, often at giveaway prices.

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Saleroom

BY ANTHONY THORNCROFT

A Christie's sale of objects of art, and continental furniture, totalled £79,500. An ornate, mounted ebony and burlle bureau-plat of Louis XV design, the mid-18th century, and stamped "C. Weller and Co. of London," sold to the London dealers A. and F. Gordon for £3,200.

A set of four Louis XVI-style giltwood fauteuils sold to a private buyer for £2,500. The same piece was sold by Noble Antiques for £1,800. A set of 18th-century mahogany cabinets and two 17th-century

Brussels tapestries from the series woven from the Raphael cartoons sold to the Belgian dealer Charbon for £2,100. A marquise-shaped diamond, weighing 5.49 carats and set in a ring, sold for £24,000, plus the 10 per cent buyer's premium. At Sotheby's yesterday in a jewels sale which totalled £180,650. An unmounted sapphire-weigh-

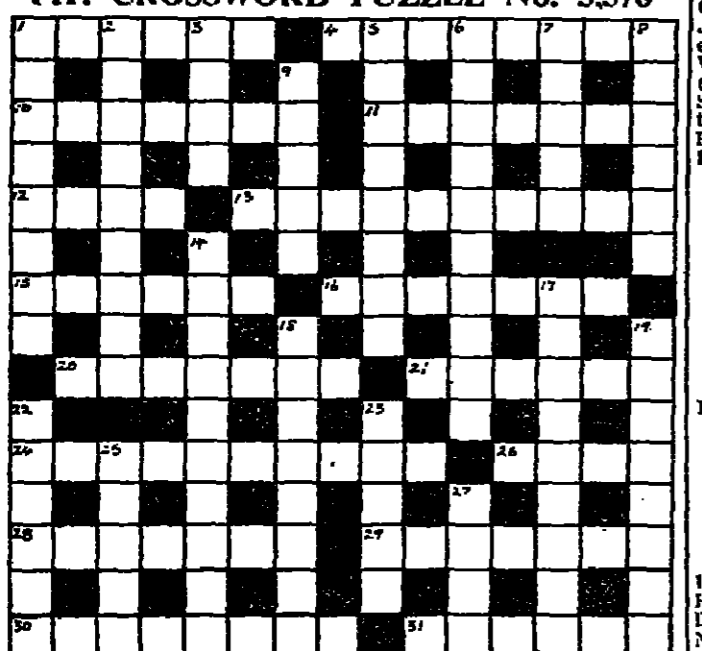
TV/Radio

† Indicates programme in black and white.

BBC 1

9.30 a.m. For Schools. Colleges. 10.45 You and Me. 11.05 For Schools. Colleges. 12.45 p.m. News. 1.30 Pebble Mill. 1.45 Mr. Benn. 2.05 For Schools. Colleges. 3.20 Trum. The assassination that started World War I. 3.55 Regional News for England (except London). 4.35 Play School (as 3.55 p.m. a.m.). 4.55 It's the Wolf (cartoon). 5.25 Jackanory. 5.40 Clangers. 6.35 Crackjack. 6.55 Fred Basset. 7.40 News. 7.55 The Two Sides of the Coin.

F.T. CROSSWORD PUZZLE No. 3578



ACROSS

- 1 Horse we start burdening with spinner's product (6)
- 2 Talked nonsense, making self bluish (8)
- 3 One who keeps the wheels turning for brides? (7)
- 4 Mason in confusion builds a house (7)
- 5 The flinging of one scene from "Kite" (4)
- 6 Feature of movies that glows in planet (10)
- 7 Quiver in silent remorse (6)
- 8 Tower in which time ran out (7)
- 9 Captain starts savouring fish (6)
- 10 Dog born before bird (8)
- 11 Punish in field of study (10)
- 12 Caught monkey in head of land (4)
- 13 Speech in the place where one may be found (7)
- 14 Pledge I'm returning in ordinary language (7)
- 15 Occurrence I had to follow with a note at night (8)
- 16 Cold female gets obstinate (6)
- 17 Successfully defended as noted out after five (10)
- 18 Get up about a pay increase (6)
- 19 Continental article in dish (6)
- 20 Soldiers in bad surroundings making money (5)
- 21 Remark about unusual tip could be battery (10)
- 22 Chasing English and ranting (9)
- 23 Knew it could be accomplished (8)
- 24 Clergyman is right always before the end (8)
- 25 Imagine I'd consume the first of the entrées (6)
- 26 Bird to shoot (5)
- 27 Plant coming from southern border (5)
- 28 This a river may rise (4)

DOWN

- 1 Ponder over tooth it swallowed (8)
- 2 Headlong objective of the hangman (5-4)
- 3 Comfort as seen between Orientals (4)
- 4 Fleets the little beast's family (8)

BBC 2

11.00 a.m. Play School. 11.15 p.m. News. 11.30 Headlines. 11.45 Discovering Patchwork. 12.00 Newsday. 1.10 Kilvert's Diary. 1.25 The Money Programme: The Rate Debate (a report from Wigan). 2.00 Pot Black 78. 3.30 Horizon. 4.00 The Mayor of Castlebridge. 4.15 Late News on 2. 4.25 Close-down: Peter Jeffrey reads "How Beastly the Bourgeoisie Is" by D. H. Lawrence. 5.00 a.m. Schools Programmes. 5.15 Felix the Cat. 5.20 a.m. Handful of Songs. 5.25 a.m. Daisy, Daisy. 5.30 Cuckoo in the Nest. 1.00 News plus FT Index. 1.10 Help! 1.20 Money-Ground. 1.35 Berly's Lot. 2.25 Friday Mailer. 2.30 Raising the Bridge. 2.45 The River. 3.15 Home in the House. 4.45 Maggie. 5.15

LONDON

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Cinema

Fonda in the deep freeze

by NIGEL ANDREWS

Julia (A) (Odeon, Haymarket)
The Chortles (C)
(ABC Shaftesbury Avenue)
Droide de Drame (A)
(Academy One)

Any Jane Fonda film is an event, and so are most Vanessa Redgrave films. When both actresses appear together in one movie, it should call for a bumper celebration. The film-maker's adrenalin flows and he looks forward, at least to two powerhouse performances, and preferably also to a film strong enough to accommodate them. What he gets in *Julia* is one and a half powerhouse performances—Vanessa Redgrave's role is hardly more than a brief cameo—and a film that positively creeps with worthy old-fashionedness.

Fred Zinneman, honoured craftsman of *High Noon* and *From Here to Eternity*, directed this adaptation of an autobiographical story by Lillian Hellman (taken from her book *Fanshott's Case*) and he has lavished such redundant care on his old-style Hollywood production values (everything from studio streets to soft-focus close-ups) that the gusty modernity of Fonda and Redgrave's performances fight a losing battle with a film whose style and sensibility seem to have been frozen since the 1950s.

Starved of good roles for women on the cinema screen, Fonda and Redgrave have, of course, taken to acting in the theatre of Real Life in recent years. The makers of *Julia* must have liked their lip on the idea of yoking together in one film the two most politically embattled actresses of our day. But if sparks were expected to fly, they resolutely do not. Alvin Karpis' screenplay has taken Miss Hellman's memoirs and simply fished out of them the idea for a good thriller story—the author's account of how, at the urging of her anti-fascist friend Julia, she smuggled money

for Jewish refugees into Berlin in 1937—discarding or minimising all the quirky details of her life together with fellow-writer Dashiell Hammett and of her meteoric rise as a Broadway playwright. What we are left with is a long-drawn-out international thriller with a flimsy edging of biopic details.

Hellman's oddly intense and enduring friendship with her childhood friend Julia, which motivates the plot, is illustrated, and never really explained. One of the characters rudely hints that it was a lesbian relationship. We are supposed to be as shocked at the insinuation as Hellman—Fonda is, who—knocks the offender to the ground in the chic restaurant where they are dining, but in default of any other explanation of the girls' strange devotion (and Hollywood would be the last to suggest that it was a kinship of ideas) what are we supposed to think? Vanessa Redgrave plays Julia as a wild-eyed Sephora of the baroque, all dancing hair and forthright jaw; and Jane Fonda's Hellman is so crisply, acidly, beautifully sane by comparison that one wonders what on earth they ever had in common to begin with, let alone sustain a lifelong friendship.

Zinneman's sturdy studio-professionalism has its redeeming merits—he manages to milk the heroine's Berlin mission for all the suspense it is worth, and a little more—but it also has its hackneyed demerits. This is 1978, and we still see a woman in Paris with accordion music and shots of the Eiffel Tower? And why, since Lillian Hellman herself was not a beauty and the lines on her face were half its character, must Jane Fonda be forever pictured in dreamy soft-focus? The film is over-dressed and under-thought. The cinematic streamlining rubs off all the rough edges in Miss Hellman's prose and personality.

There are some films, however, that one must enjoy for

their virtues and indulge or ignore for their defects. *Julia* Fonda is a great screen actress visibly wasting away for want of a great role. She made a great role out of the heroine of *Kluge*, her best film to date, and she tries hard in *Julia*. But the raw material is just not there. Her rage and her comedy and her marvellous responsiveness (she is just as hypochondriac as when listening or reacting as when talking or acting) are underemployed, and her bright individualism is too often smothered by the idiot Hollywood haberdashery (in one scene, a sort of *humble couture* pith helmet) that she is called upon to wear. But there are moments that still stand in the memory: the petite shrugs and head-shakes as she walks silently along a beach during the troubled gestation of a play or the mute, dawning horror when she hears that Julia has lost her life to the Nazis. *Julia* is a disappointment; but see it for its one redeeming grace, the performance of Miss Fonda.

Robert Aldrich is almost as venerable an old Hollywood retainer as Fred Zinneman. He directed his first film in 1933 and has since been busily turning out movies at the rate of one a year, attracting interest and respect, if not exactly affection, for his rough-and-tumble hymns to American machismo. The *Chortles* is a sort of over-the-top parody of *The Dirty Dozen*. The uniforms belong not to the army but to the Los Angeles police, who are here depicted at work and at play in a sequence of adventures—variously wild, knockabout, corrupt or satirical—that inspire about as much confidence in the integrity of the American police force as *The Taming of Shrew* did in the safety of tall buildings.

The film is not to put too fine a point upon it, a mixture of the alarming and the revolting. And

lagging not far behind, was the response of the audience at the packed Press show, who threw themselves off a roof at the urging of the police officer who was supposed to be saving her; who guffawed when a stereotype paddy (with pink poodle) walked across the screen in a scene in a park (Gay Lib, please note); and who cooed and a-hed with dutiful enthusiasm during the switchback thrills and rampant melodrama of the climax, when shootings, beatings and whippings succeeded each other as if for the blood-and-guts Hollywood epic there were no tomorrow.

One has to admit, though, that the film has a ghastly fascination. Aldrich has always had a penchant for the explosively vulgar, and here he lets it all hang out as it were. The film is too powerful to tuck-tut at. One either enjoys it or one hastens in terror from the cinema. Based on a best-selling novel, it has clearly been the story about to suit its own penny-dreadful purposes (the novel's writer wanted his name removed from the credits) and the episodes are thrown together in such a haphazard way—now a jolly shoot-out with two positives, now a shoot-out with two negatives—that it could be shuffled around in any order and still not change the impact of the film. But the film is strong on vitality—not a negligible virtue—and it has a host of excellent performances (from such as Charles Durning, Don Stroud and Paul Sorvino). The film's raw ingredients indeed are mostly unexceptionable—one only shudders at the over-the-top, over-the-top in which they have been thrown together.

Droide de Drame opens at the Academy Cinema this week, in a revival dedicated to the memory of the great French screenwriter Jacques Prevert, who died last year. Prevert is best known for his partnership with director Marcel Carné during the 30s and 40s, of which this surreal comedy, set in Victorian London, is an early example. (Later collaborations included the famous *Les Enfants du Paradis*, *Droide de Drame* favours the adventures of an eminent English botanist (Michael Simon) whose incognito sideline is the writing of detective stories. His cousin, a sternly puritanical bishop (Louis Journe), comes to dine at the botanist's house and the ensuing evening is a series of events which he notes the absence of the latter's wife. (She is downstairs in the kitchen: the cook has handed in her notice and the mistress is substituting.) The plot thereafter flies off bizarrely in all directions—involving, among other characters, a mad scientist (Jean-Louis Barrault) and an amorous milkman (Jean-Pierre Aumont), and deploying at the climax a plethora of false beards and disguises.

Alas, one would like to like the film more than one does. But the absurdities are laid on too thick, the wit too thin, and I suspect that Monty Python has forever spoiled us for this kind of early experiment in nonsense humour. Prevert's genteel scrambling of logic lags far behind the fantastical unreason of John Cleese and company, and there is a dreadful feeling of *Art* about the film; as if its makers were concerned less with making us laugh than with introducing us to the improving delights of Dadaism. But there is some compensation at least in the performance, particularly in those of Michael Simon and the harassed, bumbling botanist and Françoise Rosay as his imperiously scatterbrained wife.



Vanessa Redgrave and Jane Fonda in 'Julia'

Festival Hall

London Philharmonic

by DAVID MURRAY

Though Elgar filled most of last night's concert by the London Philharmonic under Bernard Haitink, the first work was Alexander Goehr's "Fugue on the notes of the Fourth Psalm." Some readers will have heard Goehr's lovely setting of that psalm for voices, viola and organ on Radio 3 a few nights ago; the Fugue, which circles around the psalm, is to serve as a bridge to yet another piece—a symphonic Rhapsody—stemming from the original material. Goehr's latest music is no longer serial, though it remains marked by that discipline, and it has undergone daring rhythmic simplification. In the Fugue he manipulates his three subjects and the pliancy over an even tread for a continuous quarter-hour.

In principle, the varied and subtle tonal tensions ought to sustain the momentum of the

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Friday January 27 1978

Repaying the Fund

YESTERDAY'S announcement depends largely on technical considerations. One of these is that a sizeable part of the \$4.9bn. which it owes to the International Monetary Fund has been expected for some time. The decision arises naturally out of the fact that the Fund needs further resources for lending while Britain's reserves of foreign exchange rose last year from \$4.1bn. to \$20.6bn. It was decided last October not to make a further drawing, beyond the \$1.9bn. already taken, on the Fund's standby credit of \$3.9bn. The amount to be repaid now is about \$1bn. and will consist mainly of the \$850m. first credit tranche made available in the spring of 1976.

Straightforward as this operation may be, its purpose may be misunderstood in one of two opposed senses. What needs to be pointed out, therefore, is not so much what it is as what it is not. In the first place, it does not represent a decisive victory for one faction against another in the debate about how the benefit of North Sea oil can be used to the country's economic advantage. There is such a debate, and some of the possible alternatives—like increased investment abroad and debt repayment—tend to be unpopular with the trade unions and the left wing of the Labour Party. But the IMF repayment is no rebuff to them.

Concentration

Although some commentators will tend to attach greater importance to debt repayment than others, the need to repay something is probably unavoidable. There is \$16bn. of public sector foreign debt (much of it incurred on terms which now look unfavourable) falling due for maturity in the years 1978-82. Some of it can probably be rolled over on more favourable terms sooner or later; the rest will have to be repaid out of the official reserve or out of the payments surplus which the North Sea should provide for several years to come. The precise manner in which the job is tackled depends on the Government's choice of the debt to be repaid, and on the timing of the repayments. It is intended to free the Government from its commitments to the Fund and leave the way open for an electioneering Budget. There seems likely, in fact, to be room for considerable tax reductions in the spring Budget even within the limits set by the undertakings given to the Fund. But the repayment of the first credit tranche is irrelevant to this issue.

Commitment

The second and opposite possible misunderstanding of yesterday's announcement is that it is intended to free the Government from its commitments to the Fund and leave the way open for an electioneering Budget. There seems likely, in fact, to be room for considerable tax reductions in the spring Budget even within the limits set by the undertakings given to the Fund. But the repayment of the first credit tranche is irrelevant to this issue.

Greece's EEC frustrations

JOINING THE EEC, as Britain and political interests at stake, learned by bitter experience, is Germany does not want the not easy. Now it is Greece's Greek entry negotiations to set turn to undergo the frustrations a precedent for the opening of out entry negotiations in Brussels. Mediterranean migrant workers; sels, and Mr. Constantine Karamanlis, has about agricultural products like decided that the time has come wine and olive oil. There can be to do something about it. Durr little prospect of serious progress his tour of European gress in the Greek negotiations capitals this week he is not seek elections are out of the way, negotiating breakthrough. He is, and a change of regime in Paris however, asking for a general could complicate matters still undertaking from EEC leaders further. Italy, meanwhile, has that they will press ahead with its own Government crisis to the talks with a greater degree attend to.

Tenth member

Mr. Karamanlis's impatience is in many ways understandable. It is now two and a half years since his Government applied to become the Community's tenth member, and 18 months since formal negotiations started in Brussels. And yet little of substance has so far been settled. All the main elements of the Greek negotiating position are now on the table, but the response from the Community has been minimal. Following the success of the anti-EEC Panhellenic Socialist Movement led by Mr. Andreas Papandreu in November's elections, Mr. Karamanlis believes that the need for progress in Brussels has grown even more urgent. He wants the negotiations completed by this summer, leaving the autumn for drafting and next year for ratification, so that Greece can take its place as a full member on January 1, 1980.

Such a timetable is almost certainly unrealistic. Most of the Nine have had serious second thoughts since their first fell over each other's heels in the rush to welcome Greece into the fold in the aftermath of the restoration of democracy in Athens. It is not just that Greek entry, followed by that of Portugal and Spain, threatens to transform the entire nature of the Community and its institutions. There are hard economic

A bit of trouble in paradise

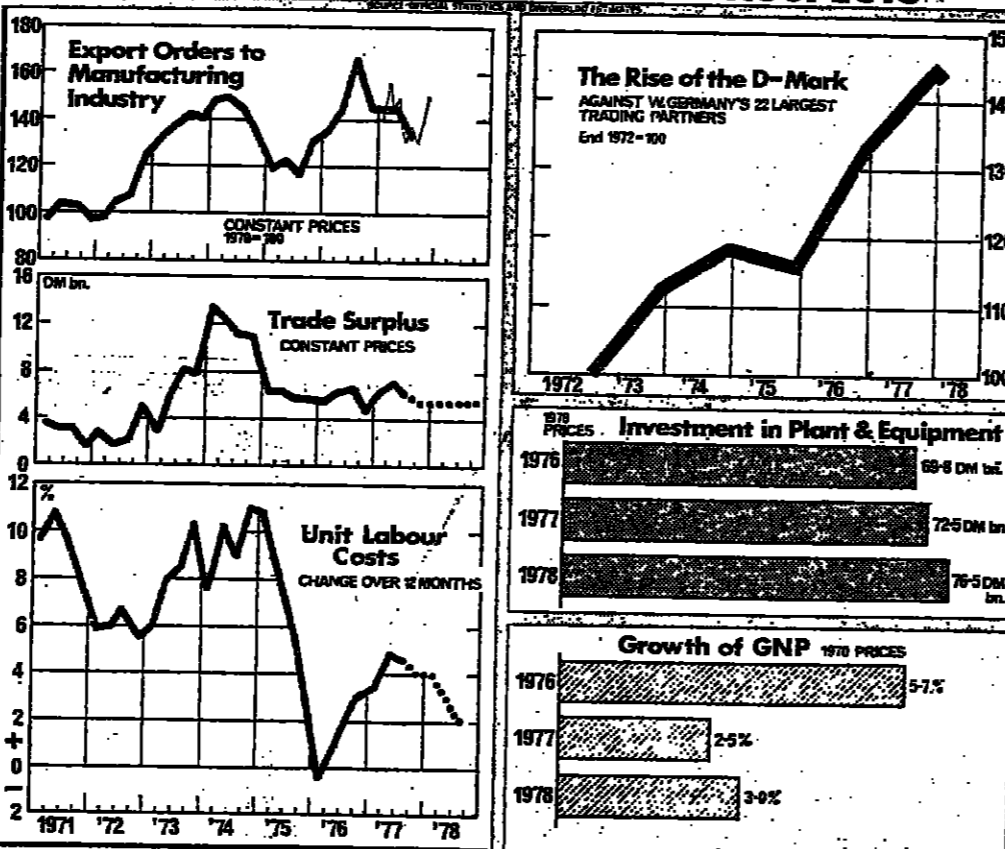
WEST GERMANY will feel entitled to its due share of the credit if there is any acceleration in the measured pace of the industrialised countries' economic expansion this year. If the recovery falters or comes to a halt, West Germany will not feel it is to blame. For Bonn believes it has done all it can, and should not be expected to deliver more. With an economy dependent for over a quarter of its activity on exports, West Germany is as much a passenger in the train as in the driving seat of the locomotive.

That, in short, is the message contained in the West German Government's annual economic report, a document that this year is less concerned with trying to look into the crystal ball than with attempting to prove to both foreign and domestic opinion that the room for manoeuvre has become alarmingly small.

For the domestic audience that means another year of trying to secure wage restraint. As the season gets under way for settlements in major industries, the task is looking unusually difficult, for the "concerted action" conference of representatives of labour, employers, and Government—generally seen as the symbol of the West German Social Contract—has lapsed and may prove hard to replace. In addition a wave of industrial unrest, of which the dock strike is the most serious manifestation so far, ought to remind the world that even in West Germany, freedom from strife is goods and fixed plant from West German business were markedly higher than in the summer. The

There is some evidence—at least in the view of many top officials in Bonn—that the position altered for the better during the final quarter of last year. New orders for capital goods and fixed plant from West German business were markedly higher than in the summer. The

W.GERMANY: PERFORMANCE AND PROSPECTS



MEN AND MATTERS

Exporting can be fun

A reader has just sent me a document which reveals the drive of those involved in what we are all told is the vital task of boosting British exports. It comes from the Department of Trade's weekly magazine and contains the programme of last Tuesday's special one-day conference in Birmingham to find a way of following up what the magazine described as the successful 18-month run of the export year which officially ended on December 31.

The fact that the year for export promotion purposes consists of 18 months is in itself an eye-opener to me. But the most striking feature of the conference was the frantic pace of it all.

It started at 9.15 with a full hour for registration and coffee before settling down at 10.15 to allow the Duke of Kent to declare the conference open. Two hours later management and shop floor delegates from all over the country moved to the bar for 45 minutes of pre-lunch drinks followed at 13.00 hours by lunch until 14.30 when the conference re-started and continued for two whole interminable hours before exhausted delegates broke up for tea at 18.30. No wonder export years are 18 months long—at that pace they have to be.

Take your pick

Just to prove that I am second to none in my admiration for exporters let me quote a fine example of British ingenuity. A small British company called Videomaster which, inter alia,

makes plug-in television tennis and soccer games, has just won a £1.5m. order from the U.S. to supply its unique range of electronic doorbells.

Videomaster has banished the Brrring, ding-dong and bzzz from the doorbell world and offers in its place a choice of 24 tunes ranging from Twinkle, Twinkle Little Star to the Red Flag, the Marseillaise and Deutschland über Alles—together with a special control knob allowing all 24 to be played in any time from pizzicato to molto legato. The world is now their oyster.

Smelter shuffle

Rivalry between Bahrain and Dubai is one of the facts of life down in the Gulf. Bahrainis consider themselves the pioneers of industrialisation while Dubai follows with something bigger and better.

Bahrain, for example was first off the ground with a big 120,000 ton aluminium smelter and picked Ian Livingstone as general manager back in 1972 to build up what has proved to be a highly successful venture. Much to their chagrin Livingstone has just resigned from Aluminium Bahrain, having been chosen out of over 50 applicants for the post of chief executive for the new, \$620m. aluminium complex being built for Dubai Aluminium.

All is not lost however as one of Livingstone's achievements is that of training Bahrainis to run the key jobs in the smelter enterprise.



"Jim is working on a Lab-Backbencher past now!"

in demand from the U.S. motor industry to satisfy lower fuel consumption requirements. The Dubai smelter will also produce 25m. gallons of water daily and represents what is claimed to be the first industrial project which will enable 100 per cent utilisation of local oil and gas. Instead of being wastefully flared the gas will be first dried and then used to fuel the 450 MW generating station and then be used to distill sea water.

Swedish farewell

For years Sweden basked in its enviable reputation as the most prosperous social democracy in the world where high standards of living went hand in hand with high taxes but superb social services of all kinds. Nothing lasts for ever, however, and over the past

couple of years Sweden too has experienced increasing political and social ferment and a tough struggle to preserve standards of living.

One indication of just how tough that struggle has been for many people emerged from a Stockholm canal earlier this week.

The city police have just found 13 cars sunk in the canal alongside an abandoned brewery. All had been reported stolen over the past year and the insurance companies had settled all claims on them.

But the police are highly suspicious about the way so many "stolen" cars have ended up at the same spot and suspect organised fraud. They believe that owners, unable to keep up their hire purchase payments, may have been helped to drive their cars into the canal. Police divers are now investigating other likely underwater caches and believe that over 100 cars may have disappeared in the same way.

All change?

Belize might be to many people in these islands "a far away place about which we know little." But before the Foreign Office gives bits of it away to Guatemala and other friendly neighbours just reflect on the names of some of the hamlets and villages which currently grace our Latin American colony: Double Head Cabbage, Lucky Strike, Washing Tree, Teakettle Camp, Mountain Cow, Butter, Cay and Dancing Pool for example. Why, they sound more British than Neasden.



Count Lambdoff: powerless against the exchange rate.

Many Germans would agree. Yet members' jobs, as West German companies look increasingly towards rationalisation, when they undertake new investment on either side less deeply felt, or the reaching of agreement at home, and as they look more difficult. This year, the often towards investment abroad climate is worse than it has been for a decade.

The union side withdrew from the Concerted Action meetings last summer to protest against the lawsuit brought in June by Germany. It may not be easy to find a new forum in which the employers' federation challenge the constitutional validity of the new workers' participation (Mitbestimmung) act, which comes into full effect on July 1 next. The lawsuit strikes at the root of a hard-won political compromise between the unions and the SPD-FDP Government, and has aroused perfectly genuine anger. None the less, the impression is also widespread that the Deutsche Gewerkschaftsbund (DGB), the trade union federation, was glad of an excuse to leave the Concerted Action forum.

Started by Professor Karl Schiller when he was Economics Minister, the conferences had become increasingly large and unwieldy. There was little opportunity for real debate, and the DGB's mild-mannered president, Herr Heinz Oskar Vetter, has complained that the meetings had turned into an occasion for everyone else to preach restraint to the unions while declining to listen to their case. The chances are very slender that Herr Vetter, let alone the heads of most of the individual unions, will return to the Concerted Action framework.

For some years, the unions' presence there has embarrassed their leaders, not only with the rank and file, but especially with the younger, better-educated generation of permanent union officials who are also responsible for much of the militancy evident in the wage claims and rhetoric of this year's pay round.

Yet the unions, at all levels, are well aware of the fact that by the boom in some sectors such as the car industry in the hamming—in the West German currencies of the country's 22 tance of exports to the economy of figures within, which, argue 1972, have become the most heavily on the exchange rate of also that historically seen, good are aware, too, of the threat which Bonn feels powerless to sense has usually prevailed: this presents to their own control.



NORTHAMPTON
The handsomest and best built town in all this part of England'

Daniel Defoe

Over 250 years ago the author of "Robinson Crusoe" visited Northampton. The town he saw had completed rebuilding after a devastating and tragic fire had destroyed whole areas. Today his description is as true as ever. Many of the important and historical features of old Northampton still remain, though the dirt-tracks the mail coach used to travel have been replaced by more modern transport systems, London and Birmingham are now only about an hour away by motorway or rail.

The town which so inspired Defoe continues to develop. It offers the ideal commercial and industrial location and an excellent labour relations record. Since expansion started in 1970 over 200 successful firms, including 20 from overseas, have chosen to share in its growth and history. Northampton Development Corporation provides also for the housing and social requirements of our newcomers, improving and supplementing the town's many facilities.

For further details phone 0604 34734 or write to: L. Austin-Crowe, Chief Estate Surveyor, Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN

We can't go on meeting like this . . .

THE INSTITUTE for Constitutional Studies set up the Committee chaired by Professor X with a brief to take a fundamental look at the U.K. constitutional system. For too long, we felt, constitutional reforms have been approached *ad hoc*, without regard to their effects on the evolution of the system as a whole. As a result parts of our system seem to lack a rational base. Conflicting objectives are pursued at random; and even particular objectives are pursued in contradictory ways.

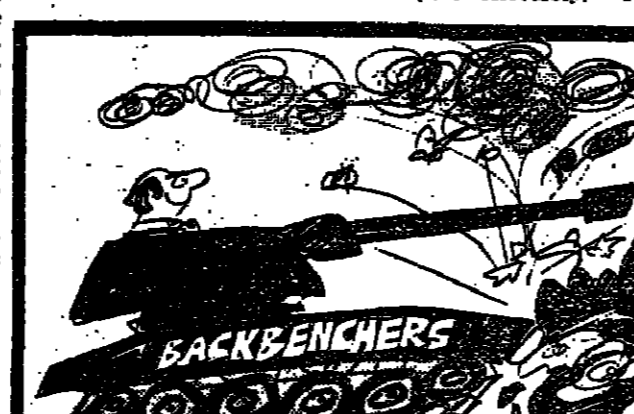
So begins the report by the independent commission on constitutional reform which it was necessary to set up when it became clear that Parliament was incapable of reforming itself. The report took two years to complete. The composition of the commission was designed to combine the experience of academics with that of practitioners in different fields and to embrace different political viewpoints. Funding came from, among others, the Leverhulme Trust and the Wolfson Foundation to the tune of £95,000, which was regarded as cheap at the price.

Precedent

The above is, of course, nonsense. There is no such commission, or at least not yet. But there is a precedent. My opening paragraph is taken, with only slight amendments, from the foreword to the report of the committee chaired by Professor J. E. Meade on the structure and reform of direct taxation and set up by the Institute for Fiscal Studies.

The origins of that committee are interesting. It was established after calls for a new Royal Commission on taxation

had been turned down. The aim was to go back to first principles, look at the system as a whole and produce a framework for reform. There was a certain amount of co-operation with government, though with the civil service rather than the political or ministerial end. The aim now, after publication this week, is to keep in being a smaller tax reform committee which will take account of reactions to the report, answer criticisms and continue more detailed work. The original committee will believe that it has succeeded if the report manages to stimulate debate at the point where some action is taken, although not necessarily directly along the lines proposed. There is no claim to a monopoly of wisdom, but there was—and is—a belief that in the face of government inertia, somebody had to show what might be done.



But, in the case of constitutional or parliamentary reform, has it yet come to that? The answer seems to lie somewhere between "yes" and "not quite." But even if one prefers the latter response, it is possible that the situation will get worse. For it can hardly be escaped that general notice that practically every item that nowadays makes the political headlines, or even the political news, has something to do with constitutional, or institutional, reform. And, equally, it does not seem likely that Parliament is capable of coming up with considered or comprehensive solutions.

Take, for example, the case of the Select Committee on Nationalised Industries' reports on the British Steel Corporation: the argument is ostensibly about the extent of the Committee's right to inter-

ference in the change goes beyond what was contained in the original Bill, though that itself was large enough. Ways have to be found of getting them through. The guillotine has become a way of life. Same clauses go through without debate; others are amended almost at random. No one is quite sure what the House of Lords will do about the Bills. It would have a proper case for subjecting them to the most rigid scrutiny, but will it dare? Besides, the House of Lords itself is up for auction. The Labour Party may be about to produce a manifesto promising abolition; the Tories might (just) come down in favour of some form of directly elected second chamber.

It is possible to argue that all this means that change is taking place. But it would be very difficult to argue that it is doing so in any systematic fashion. Even if one leaves aside the fact that the great majority of MPs are against the devolution Bills on their merits, and accepts that some of them are supporting them for reasons that have nothing to do with devolution, it is impossible to say what sort of mish-mash will emerge at the end of the day. It is a situation which is out of control.

No one knows either which further devices the Government will be obliged to introduce, or how to: if it is to press on with the Bills. The referendum on British membership of the European Community was said, at the time, to be a special case (though in fact the need for it arose solely from conflicts within the Labour Party). Then, however, there was the promise of further referenda on the Scottish and Welsh Assemblies. Now it seems that there are to be two new rules: the Scottish Assembly will be created only if 40 per cent of

the Scottish electorate approves the idea, and there will be a special provision for Orkney and Shetland. It is not only the Labour Party which innovates in this random way. It was Mrs. Thatcher who said one day on television that a referendum could be used again to put a single issue to the people. She could

well be held to that if she ever has to do a deal with Mr. David Steel and the Liberals after the election, although not on the subject she originally intended. Mr. Steel has now said publicly that the price could be a referendum on proportional representation.

One can see that that could become an attractive idea to politicians. It has become part of the conventional wisdom that the next Parliament will again very likely be hung, and that the demands for PR will therefore grow. But how would Parliament implement it? There is the established device of a Speaker's Conference, yet it does have drawbacks. It takes time. It is intended to still public discussion while it

deliberates. It creates at least the suspicion that its membership is loaded. Why not, instead, ignore the conventional procedure and appeal direct to the people? In other words, there would be simply one more innovation of improvisation.

That could happen, and if it is the only way of introducing PR, perhaps it would be worth it. But one cannot rely on it. And at what stage, one wonders, will people conclude that such innovation is giving of hockey a bad name? Will they demand, one day, rather like the Meade Committee, that the system should be looked at as a whole and given some sort of rational base? For instance, would it be too much to ask that the House of Lords should be treated not as an issue on its own, but as part of the wider question of the workings of the entire constitution?

Enough money There is no sign whatsoever of such demands coming from the present Parliament, nor probably from the next. And that is the problem. According to our unwritten constitution, reform must come from Parliament. Parliament needs reform, but Parliament will not reform itself. Indeed its Members will not even vote themselves enough money, or adequate facilities to do their job. But if Parliament will not look at the system as a whole, and cannot even see, for example, that direct elections to the European Assembly might usefully have been linked to the reform of the House of Lords, who will? There is, of course, the Press, and it has

been interesting to hear suggestions from within the media that editors should get together, agree on the big issues of the next few years, and plug them until such time as government comes up with satisfactory solutions. But do we really want to form by the Press?

Single issues There are also the universities, the specialised institutes, and the pressure groups. Perhaps a British or a European Brookings, such as has recently been canvassed, would help in the end, however, they tend to concentrate on single issues, this or that constitutional matter. But it seems to me that (say) the National Committee for Electoral Reform is quite as irresponsible as the political system it attacks because it confines its campaign to a single front. It demands PR, but assumes that that would be enough and fails to look at the possible consequences.

What one would like to see would be the reformists getting together, and indeed it is surprising that they have not formed some sort of umbrella organisation. They might then tell us not only which reforms are desirable, but how they might relate to each other and how they might be introduced. I leave the thought that the equivalent of a Meade Committee on the constitution might be the best way forward. It would not cost very much, it could bring in politicians, politicians and outsiders and, given the right chairman, it could certainly concentrate the mind.

Malcolm Rutherford

Letters to the Editor

Synthetic rubber

From Mr. R. Holland

Sir—I refer to David Warburton's letter (January 24) where he argues for subsidised North Sea chemical feedstock to supply a new synthetic rubber plant.

The issue is not simply whether the Government is prepared to forgo some royalties and petroleum revenue tax; it concerns fundamental economic principles, and our international relations with our trading partners in Europe and in the Third World.

If the plant is built and subject to subsidy there will be a positive employment effect in the U.K., and a negative one either in Europe or the Far East. We would in effect be exporting unemployment which, in an age of international trade unions, is not something that should be advocated by an officer of a trade union in this country. Furthermore, the subsidised supply of feedstock could alternatively be sold at market price in the U.K. to another organisation that itself would be providing employment without contravening the competition policy of

the EEC, or it could be exported again at market prices providing revenue that could be employed far more effectively in current job creation schemes or retraining programmes.

The route from butane to polyisoprene rubber is relatively inefficient as both dehydrogenation and methylation processing stages are required. The production of 1 tonne of polyisoprene needs an input of between 4.5 tonnes of butane. If the plant proposed to produce 300,000 tonnes per year, it requires an input of 1.2m-1.5m tonnes of butane, the subsidy required to operate "competitively" lies in the range of \$24m-36m per year (£12.3m-£36m).

In sterling terms, the taxpayer would have to pay (annually) through the Government's sector of revenue the equivalent of between £2,200-£2,500 to maintain each job. If anyone can justify such an extraordinary uneconomic venture in your columns it can only be that they have in mind the interests of only a small section of the community rather than the nation as a whole.

In addition, as in the refinery industry, there is a growing possibility of a continuing and growing surplus capacity in the petrochemical industry, particularly from plant currently under construction outside the OECD nations especially in the member countries of the Organisation of Petroleum Exporting Countries.

There is no guarantee that the U.K. plant could operate at full capacity even if it were to be subsidised. The losses would only be exacerbated if natural rubber producers were to embark on a price-cutting exercise themselves. Any attempt at committing the nation to such an enormous long-term subsidy should be firmly resisted. Richard Holland, 30, Crespigny Road, Hendon, N.W.4.

New base date for gains tax

From Mr. S. Penwill

Sir—Mr. Jack Bennett advocates (January 20) the adoption of a new "base date" for capital gains tax purposes.

The original date, April 6, 1965, coincided with the date upon which the existing tax was introduced and relates to the disposal of assets in general, subject to optional elections. The adoption of another date for Stock Exchange investments might not please owners of other assets and any alternative date must surely be universal.

As a manager of investments, I find that I can still use pre-6/4/65 costs in some cases to advantage, but would probably not carp at the adoption of the new date (but which index?) on September 14 last, though I doubt whether the Chancellor of the Exchequer would agree.

As it is, I spend a fair amount of my time which could be put to better use, in calculating gains on the disposal of shares as time goes on and companies get taken over, have rights issues or preference scrip issues, etc. These calculations become more time consuming rather than less.

I fully support that suggestion of the unit trust managers, that unit trusts, and investment companies for that matter, should be exempt from the tax so that the unit holder or shareholder, if he is liable, is taxed, if he must be, and is outside the exemption limits. The loss to the revenue would be very little indeed, as the suggested alternative of indexation would virtually eliminate the tax altogether. S. W. Penwill, 138, Fenchurch Street, E.C.3.

P.O. pension fund

From the Director-General The Royal Institute of Public Administration

Sir—I was pleased to learn from your correspondence (January 23) that actuarial valuations of particular funds were being made with alternative assumptions, and that some of them report these figures to their clients. That this procedure should be applied to the Post Office pension fund is, I submit, urgently necessary.

In their 1975 valuation the fund's actuaries worked on assumptions that could well prove to be over-optimistic—among them the following: (a) the rate of inflation will decline to 6 per cent by 1981-82 and thereafter will remain constant at 5 per cent; (b) the fund's investments will produce a real return of 4 per cent per annum. In this and most other countries the annual rate of inflation has not been as low as 5 per cent for some considerable

time. Also, in the year ended March 1977 the fund's investment income less interest payments and management expenses amounted to £84.7m, or only 6.3 per cent of the mid-year value of its investments.

In a note in the pension fund's 1977 annual report the actuaries say that: "In the present economic conditions it is very difficult to form a view as to the future outlook for inflation and investment returns." This statement provides complete justification for a series of valuations of the fund on alternative assumptions, and I urge the Post Office Board to call for them without delay.

The Post Office fund is only one of the many large and rapidly growing pension funds in the public sector. In view of the impact on the public bodies that have sponsored them (and on the public who bear their cost), has the time not come for the Government to establish an independent commission charged with the task of specifying each year the range of assumptions on which the public sector pension funds should be valued, and (ii) stating the reasons for those assumptions? Such an arrangement would lead to uniformity of policy in an area of public finance where variety has little to commend it. It would also stimulate public discussion of these important matters and so increase public enlightenment in regard to them. Raymond Nottage, Hamilton House, Mabledon Place, W.C.1.

Holding the balance

From the Prospective Liberal Parliamentary Candidate for Farnham

Sir—Mr. Michael Minter, January 25, finds it disconcerting that the Liberals have "saddled the country" with another few months of Socialism.

They haven't. For the first time in history a Labour Government has been induced to produce a Queen's Speech with no Socialist measures. The pact dates from March 1977. Since January 25, it is down from 19.9 per cent to 13 per cent (so far). MLR is down from 10 per cent to 6.1 per cent, mortgages from 11.25 per cent to 9.5 per cent, sterling is up from \$1.71 to \$1.82, and the reserves are at an unprecedented high.

In addition, Harold Lever has been given specific responsibilities for small businesses, and the October mini Budget had some comfort for us small businessmen. The Queen's Speech promises help for the young, the self-employed and small businesses, three sectors steadfastly ignored by previous governments.

Not a bad impact for 13 MPs in ten months. And the only way to avoid wild Socialism on the one hand, and confrontation with the unions on the other, is for the Liberals to go on holding the balance—whatever the party in power.

Peter G. Raynes, Redcliffe, Wellesley Road, Rushmore, near Farnham, Surrey.

Lib-Lab pacts

From Mr. G. Finsberg

Sir—Sadly, Mr. Minter, a former Liberal Parliamentary candidate (January 25) is right. Every time the Liberals have held the balance of power—in 1924, 1929 and 1974

—they have put a Labour Government into power. Since last March they have kept Mr. Callaghan in power and their claim to have "moderated" its policies has been all too often repeated by the political commentators.

The facts, of course, are that the present Government had, by last March, completed its 1974 manifesto programme. In their view the Liberals opposed such measures as civil servants' and shipbuilding nationalisation, described by Mr. Richard Wain of the fund on "alternative" assumptions, and I urge the Post Office Board to call for them without delay.

The Labour Party has made it clear how it sees the pact. Mr. Ron Hayward, its general secretary, said: "It is we who must choose the date of the general election. That means maintaining a majority in the House of Commons. That is what the agreement with the Liberals is about" (Llandudno, May 27, 1977). Mr. Michael Foot confirmed this view. If we had not made an arrangement with the Liberals we would have thrown away that chance of getting a real majority not merely for months but maybe for years. (Labour Weekly, June 18, 1977)

G. Finsberg, House of Commons, S.W.1.

A proper handful

From Mr. C. Freud, M.P.

Sir—I refer to the hilarious letters (January 24) from the departing Tory agent to the Isle of Ely and from his prospective candidate who appears to be remaining in situ.

I particularly liked Dr. Stuttaford's reference to my constituency's voting figures in the October 1974 election: "Only a handful of Liberals had a worse result." As 619 Liberals stood and 406 were defeated, the poor man's hand should be put on display. Clement Freud, House of Commons, S.W.1.

Imports of textiles

From the Chairman, The Textile Industry Support Campaign

Sir—However delighted everyone is likely to be about the large power station order from Hong Kong, let us put 2,000 jobs at stake in perspective. Over the last ten years Hong Kong has played a key role in the loss of 300,000 U.K. textile workers' jobs by swamping our own market with absurdly priced goods. Let us hope that a consideration of their misadventures and help from our own Government can secure further orders to remedy this unequal state of affairs. J. G. Bridge, Thorncliffe, 115 Windsor Road, Oldham, Lancashire.

To-day's Events

Mr. Dennis Healey, Chancellor of the Exchequer, on two-day visit to Scotland, addresses Newspaper Press Fund lunch, Glasgow, and after speaks at Edinburgh Labour Party dinner.

Pay negotiations start for engineering and technical staff in electricity supply industry.

Mr. Constantine Karamanlis, Greek Prime Minister, visits European Communities Commission in Brussels during tour of European capitals to expedite resolution of Greece into EEC.

CBI Economic Situation Committee meets.

Mr. Edward Heath MP speaks at Leeds Chamber of Commerce dinner.

Mr. Robert Sheldon, Financial Secretary, Treasury, is guest speaker at Manchester Chamber of Commerce lunch.

Resumption of talks (which ended inconclusively on Wednesday) between management and senior shop stewards of Ford's Halewood plant in effort to resolve strike.

Team of British shipping executives end four-day talks in Washington on world shipping developments.

London Chamber of Commerce seminar on Commercial Arbitration, 69, Cannon Street, E.C.4, 2 p.m.

PARLIAMENTARY BUSINESS House of Commons: Private Members' Bills.

COMPANY RESULT John Brown and Co. (half-year).

COMPANY MEETINGS Associated Engineering, Savoy Hotel, W.C. 12, London International Trust, 3 London Wall Building, E.C. 4, Williams (John), Cardiff, 12.

Interim Dividend

The directors have declared an unchanged interim dividend for the current year to 30th April 1978 of 3p gross per share, subject to Jersey income tax at the rate of 20%, payable on 31st January 1978. Comparable figures for the previous year and the yield are shown in the table below. The net assets of the Fund expanded from £1,563,869 on 30th April 1977 to £2,130,300 on 31st October 1977. The capital performance of the shares calculated on a per unit basis is set out in the table below.

Interim dividend for year to 30 April 1978 (& 77) 3p per share	
Final dividend for year to 30 April 1977.....	4.25p per share
Total dividend for year.....	7.25p per share
Dividend Yield.....	8.53%
(based on historic dividend and current offer price of 85p)	
Capital Performance	
1 January 1977 to 31 December 1977,	
Offer Price of Shares.....	— 3.2%
Dow Jones Ind. Index.....	— 17.3%

Company background

The Company provides residents of the scheduled territories with a diversified and actively managed portfolio of quality American securities. Portfolio strategy is supplemented by participating in the sale and purchase of US traded options with the aim of reducing risk and/or increasing yield. The Company also invests in Schlesinger American Options Limited, a Bermudian investment company with similar aims which is designed for non-resident investors. Shares are issued and redeemed at prices based on net asset value. The shares of the Company are listed on The Stock Exchange in London. Shareholders receive the Schlesinger "PIMS" Service.

A copy of the full prospectus of the Company, the PIMS report and the latest report and accounts, on the basis of which alone applications for investment will be accepted, may be obtained from the Secretary, Schlesinger International Management Limited, 41 La Motte St, St Helier, Jersey, CI or from the Secretary, Schlesinger Investment Management Services Ltd., 19 Hanover Square, London W1A 1BU.

Schlesingers

Financial Times Friday January 27 1978

Reduced margins hold Inchcape at midway

SEVERAL ADVERSE influences, including a reduction in trading margins through price restrictions in Nigeria and Malaysia, meant that pre-tax profits of Inchcape were only marginally improved from £22.67m. to £24.42m. for the half year to September 30, 1977.

The directors state that in most areas in which the group operates, trading conditions continue fair although adverse factors will also affect the second half. Having regard to these and to the heavier tax charge expected, they feel that the full year results will be reasonably satisfactory.

For all the previous year, they reported a record £73.38m. surplus.

The interim dividend is stepped up from 4.53p to 6p net in October, the directors announced that they expected to recommend payments for the current year of not less than 15p (equivalent 10p) per £1 share.

First half profit is subject to tax of £13.44m. (£13.5m.) and after minorities interest and pre-acquisition profits of £1.33m. (£2.91m.), the surplus available to ordinary holders, before extraordinary items, expanded from £10.13m. to £13.65m.

As already announced, the group's interest in the Nigerian subsidiaries has been reduced in accordance with the Government's requirements, from 60 per cent. to 40 per cent. with the result that pre-tax profit is lower than it would have been if these companies had remained subsidiaries. However, at the same time, the Nigerian outside minority interest in the post-tax profit has been excluded.

Previous profit for the half year is some £2m. less than it would have been if the translation into sterling of overseas results had been made at the same rates of exchange as those applying for the previous year, say the directors.

See Lex

Imry in profit—pays interim

With terminal losses in Belgium taking £64,000 Imry Property Holdings achieved a pre-tax profit of £193,000 in the half year to September 30, 1977, and the directors say the second half should show an increased profit.

Last year, losses of £198,000 in Belgium left a first-half deficit of £55,000. The full-year loss was £5,000.

First-half tax takes £129,000 (£117,000) and extraordinary debits of £20,000 (£200,000) have been transferred to reserve. Outgoings in respect of properties in the course of development less tax relief not charged against profits came to £17,000 (£24,000). In the last annual report net profits of £150,000 were forecast for the year as were dividends of 1.5p net per 25p share payable in two halves.

The interim payment is now declared at 0.8p. The last payment was 0.3p net for 1974-75.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available. Where dividends are shown, they are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

10-DAY
Interim—John Brown, William Cook (Rusfield), Gold Fields of South Africa, Henderson & Sons.
Final—C&S

FUTURE DATES
Capefels Mar. 21
Cape Allman International Mar. 21
Fangas (John) Feb. 14
Wood (S. W.) Feb. 8
Fyfe Feb. 8
ACP Machinery Feb. 1
DC Group Jan. 31
Lemon (Charles) Feb. 2
Mercantile Investment Trust Mar. 2
Sterling Trust Feb. 1

Peak £1.2m. by Watson & Philip

SCOTTISH-BASED food distributors Watson and Philip expanded pre-tax profit from £564,000 to a record £1,175,000 for the year ended October 28, 1977, on higher turnover of £37.74m. against £35.44m.

Mr. C. Greig, the chairman, states that by any standards the company has had a successful year but trading was becoming more difficult towards the end of the year and that trend towards more testing conditions has continued.

Against that the group has still to reap the full benefits of the expansion which has taken place in the past two years and he is satisfied that the coming year should show continued progress.

Tax took £577,000 (£521,000) leaving net profit ahead from £543,000 to £598,000. A final dividend of 1.06738p net raises the total to 2.43944p (£2,176,000), paid from stated earnings of 7.2p (£4p) per 10p share.

At half-time, profit was better at £502,000 (£380,000).

Brooke Tool back on dividend list

With turnover up £9,600 to £4.8m. Brooke Tool Engineering (Holdings) reports its third profit in ten years with pre-tax earnings up from £54,900 to £161,700 for the year to September 30, 1977. Dividend is restored with a 1p payment.

At half-time profit had recovered from £25,400 to £22,300. The year's result is subject to tax of £2,600 (£2,900 credit) and after interest of £116,400 (£130,700). The profits of £150,000 were forecast for the year as were dividends of 1.5p net per 25p share payable in two halves.

The interim payment is now declared at 0.8p. The last payment was 0.3p net for 1974-75.

losses together with group relief are available against certain subsidiary profits. They say the group is now in a much healthier state and they look forward to the future with quiet confidence.

Earnings per share are given as 22.5p (£22.8p).

Record £1.7m. for Y. J. Lovell

BUILDERS, DEVELOPERS and timber importers Y. J. Lovell increased pre-tax profit from £1.53m. to a peak of £1.71m. in the September 28, 1977, year. At half-way profit was £80,000 ahead at £711,000.

Turnover for the year climbed from £17.24m. to £14.11m. and of profit, the building and allied trade operations contributed £1.13m. (£0.95m.), and timber £0.75m. (£0.63m.), while losses of £174,000 (£24,000) were incurred in establishing associate companies overseas.

Directors say that 1978 has begun reasonably well, but in view of the continuing pressure on margins they are taking a cautious view of the probable outcome. They are however confident of continued progress.

Group properties were revalued at September 30, to £3.1m. with a £3.9m. surplus arising.

Earnings per 25p share are shown up from 21.9p to 22.5p and a 2.38p final dividend lifts the total to 3.86p net against 3.48p last year.

Turnover	1977	1976
Trading profit	1,580	1,000
Assoc. losses	174	24
Profit before tax	1,406	976
Tax	1,380	142
Net profit	1,000	834
Pre-tax divs.	14	14
Div. divs.	206	228
Leaving	1,278	1,127

Adjusted for £D. 10.

Hambro Trust has £120,000 at halfway

DIRECTORS of Hambro Trust say that the company's receipts for the December 31, 1977 half year have been further increased because of dividends from other investments. The total available for ordinary capital is £120,000 compared with £79,500 last year.

On Wednesday Hambro announced an increase in the interim dividend from 0.5p to 0.85p net.

They say the second half receipts are not expected to show any increase and about half the available income at December 31 will be carried forward and applied to the final dividend. A 1.2p final was paid last year.

English China sees modest improvement in 1978

WHILE PROSPECTS of English China Clays are not encouraging, the current year may yield a modest increase on last year's pre-tax profit of £80.45m., Lord Abernethy, chairman, says in his statement with accounts.

He says that he wishes he could express the same confidence in the short term future as in the long term, but says with the soundness of the group's business and the resources of employees the year may turn out better than the portents of likely demand and general economic climate may now indicate.

On the clay side of operations, he says the group sees little prospect of securing increases in export prices for either filler or coating clay for the paper manufacturing industry. Nor do directors anticipate any great advance in volume, although some improvement is hoped for.

The other industries using its china clay show only slightly better prospects of securing increased tonnages, but ECC is confident of maintaining its market share.

In the current year expansions are to be carried out by Anglo-American Clays Corporation in America, Italy and Australia. Anglo-American Clays Corporation has entered a joint venture with Flintkote Corporation to produce a calcium carbonate paper coating pigment.

On the building side, its main work of documentation on public sector housing is completed, and although there is an appreciable amount of construction work in the pipeline there is little hope of ECC again finding major outlets in the U.K.

To compensate for this the group has shifted its emphasis to the West India and more recently the Middle East. Already 900 low cost housing units are on order or under construction in Trinidad on a consultancy, royalty basis with full documentation. A smaller scale operation in the Middle East has also been put in hand.

The quarries division, which last year had invoiced tonnages only two-thirds as high as two years before, has sought to maintain its prices in a weak market, and if this continues the division should continue to make a useful profit contribution, Lord Abernethy says.

Negotiations with British Rail are underway for extension and modernisation of Associated Asphalt's London depot, and in the Channel Isles bulk cement import and distribution facilities are to be constructed.

In the September 30, 1977, year, liquid funds of ECC increased £10.62m. to £17.91m. and at balance sheet date the group stood £13m. higher at £47.9m. with short-term investments and deposits and cash at bankers at £5.4m. (£5m.).

Group properties were revalued at October 1, and the

£28m. surplus will be reflected in this year's accounts.

Miss St. Kitts-based company is also to be liquidated and distribution of its assets (mainly the compensation instalments) will also be distributed.

St. Kitts London's shares will continue to be listed until the final instalment of the compensation is received.

Lonsdale Universal up 36%

ON TURNOVER 25 per cent. ahead at £20m. pre-tax profit of Lonsdale Universal climbed 36 per cent. from £0.9m. to £1.24m. in the September 30, 1977, year.

At half-time profit was £134,000 higher at £383,000, and Mr. Alan Edwards, managing director, says the group is strongly based to continue its progress in 1978.

Apart from the expected poor results from the retailing and packaging sectors all other groups improved. Office equipment and stationery increased its profit 75 per cent. to £0.75m., leading the way and reflecting the previous year's investment programme.

The result is subject to tax of £281,000 (£237,000), and after extraordinary gains of £5,000 (£31,000) debits and Preference dividends, attributable profit is £948,000 (£724,000).

Under the provisions of ED 19 earnings per share are given at 13.9p, while under the "liability" method at 10.05p against 8.19p.

The final dividend is increased from 2.5825p net per 25p share to 3.2405p taking the total to 4.6224p (£4.1475p).

Derby Trust advances revenue

After interest and management expenses, pre-tax revenue of Derby Trust advanced from £487,292 to £530,330 for 1977.

U.K. tax took £173,307 (£172,200) and overseas tax £14,025 (£12,033), leaving available revenue up 13 per cent. from £302,960 to £342,515.

A final dividend of 7.13p (£7.21p) net steps up the total to 13.42p (£11.87p) per income share.

On December 31, 1977, the £0.4m. deferred income £1 shares became income shares of £1 each, but the bank for dividends in respect of 1978 and afterwards.

Net assets are shown as £3.45 (£2.40) per 50p capital share, at December 31, 1977.

St. Kitts to liquidate

Following nationalisation of its principal asset, St. Kitts (Basse Terre) Sugar Factory, by the St. Kitts Government, St. Kitts (London) Sugar Factory is recommending members' voluntary liquidation in order to realise the value of the assets.

Under the nationalisation scheme, compensation of £1m. was payable in instalments, up to 0.428p is expected.

F. Pratt slows to £0.7m.

A SLOWDOWN in taxable profit from £281,130 to £261,579 in the second half left the full-time surplus for the year to October 31, 1977, at F. Pratt Engineering Corporation lower at £706,523, against £888,380. Sales were ahead by £2.75m. at £17.47m. with direct exports increasing from £2.2m. to £3.8m.

The expected improvement in the second six months was held back by continued difficult trading conditions, especially in the constructional steel division, the directors state. The order book at year-end was better at £7.5m. (£5.7m.).

Although these difficulties have persisted into the current year, there is now evidence of improving business, the directors say. They therefore expect, as the year progresses, a return to the more profitable trend which existed up to the beginning of 1976.

The net total dividend is lifted to a maximum permitted 4.5121p (£4.3226p) including additional 0.0442p for change in tax rate with a final of 3.1839p.

A. Worthington does better

Textile products group A. J. Worthington added pre-tax profit £2,700 higher to £151,200 in the September 30, 1977, six months on turnover ahead from £0.88m. to £0.9m.

Tax takes £78,624 (£77,220) and earnings per share are stated at 3.55p (£3.485p).

Directors expect trading conditions to remain much as they are for the end of the remainder of the year. Profit last year was a record £111,615.

The interim dividend is up from £0.275p net per 5p share to 0.307p. scheme, compensation of £1m. was payable in instalments, up to 0.428p is expected.

GENERAL MINING GROUP THE GRIQUALAND EXPLORATION AND FINANCE COMPANY LIMITED

(Incorporated in the Republic of South Africa)
Issued Capital—R597,500 in 11,950,000 shares of 5 cents each.
REPORT FOR THE QUARTER ENDED 31 DECEMBER, 1977
UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 31.12.77	Quarter ended 30.9.77	Financial year ended 31.12.77	Previous financial year
Operating results				
Development—metres	1,578	1,580	5,670	3,482
Ore milled—tons	166,000	198,000	732,000	545,000
Fibre produced—tons	20,279	20,506	78,103	57,433
Percentage fibre recovered	12.2	10.4	10.4	10.5
Revenue per ton	R526.4	R532.0	R523.4	R435.5
Production costs per ton	R230.9	R233.9	R232.2	R223.8
Selling costs per ton	R96.5	R96.3	R93.0	R71.7
Financial Results				
Operating profit	4,399	3,100	14,079	8,333
Profit after tax from non-mining subsidiaries	274	168	653	791
	4,673	3,268	14,732	9,329
Add: Interest received (paid) —net	(50)	92	200	225
Profit before taxation	4,623	3,360	14,932	9,554
Provision for taxation	599	836	3,100	1,450
Net profit after taxation	4,024	2,504	11,832	8,104
Capital expenditure	1,319	1,394	3,547	3,749
Prospecting expenditure	139	154	520	497
Loan levy	73	88	411	182

- Notes
1. Consolidated results are given, as information relating to the company only could be misleading.
 2. Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year.
 3. Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other products.
 4. Dividends Nos. 52 and 53 of 24 cents and 28 cents per share respectively, were declared during the year.
- On behalf of the Board
C. H. WALTERS Directors
W. T. P. MOSTERT Directors

Registered Office:
8, Holland Street,
Johannesburg 2001.
26 January, 1978.

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

For further details please ring
01-248 8000 Extn. 266

"...on our way to adequate returns..."

Preliminary announcement and points from the Statement by the Chairman, Sir Gerald Thorley.

Salient Figures	
52 weeks ended September 25	
	1977 1976
	£000 £000
Turnover	268,267 206,924
Profit before tax	20,468 14,595
Profit before tax as a percentage of:	
Average capital employed	20.6% 19.2%
Turnover	7.6% 7.1%
Net earnings per share	169.2p 131.9p
Total dividends per share	19.0p 9.3p

Comparison of historical cost and current cost accounts		
	Historical cost £000	Current cost £000
Profit after tax	19,133	9,108
Net earnings per share	169.2p	80.6p
Dividend cover	5.2 times	2.7 times
Net assets per share	£7.36	£14.22

Results

The financial results were better by almost any measure and represent a milestone of record on our way to adequate returns on the assets employed in the business. At £20,468,000 the statutory profit before tax was marginally ahead of the forecast made at the time of the interim results and rights issue; a 40% advance over 1975/76.

The Directors recommend a final dividend of 13.8124p per share net of associated tax credit, making the total net dividend for the year 19p per share.

This year we have introduced two innovations. First, we have made no provision for deferred tax. This follows a review of our tax position which demonstrates that we are not likely to have any liability to pay corporation tax in the foreseeable future. Second, we have included a statement of current cost profits. It gives a more realistic assessment of the profits in relation to the underlying assets of the business and shows a reduction from the statutory profit of £20,468,000 to £10,443,000, principally due to an increase in the depreciation charge. The revaluation of the assets employed in the business, on which the extra depreciation charge is based, is not incorporated in the statutory balance sheet. Even on the more stringent basis the dividend is covered 2.7 times.

The achievements of the year were considerable. Sales of sugar advanced from 770,000 tonnes to just under 900,000 tonnes. This was achieved in a highly competitive market.

Scrip Issue

In the year under review we committed nearly £30,000,000 to fixed capital and required an additional £20,000,000 in working capital at the year end. We were encouraged by the response of shareholders to our call for a "heavy" one-for-two rights issue which raised just over £18,000,000, made more onerous in the market by the decision of the Government not to take up its rights, which reduced its shareholding from 36% to 24%.

We are proposing to bring our issued capital more into line with the underlying asset base by a one-for-one scrip issue, thus capitalising £15,000,000 of reserves, and to split our shares into 50p units with a view to making them more marketable.

Prospects for the Current year

The crop this year has reverted to a more normal pattern. We were encouraged to receive continued support from growers, after three poor crops, which enabled us to maintain the same acreage for the current season. The high sugar content and almost absolute absence of disease will compensate for the yields being still somewhat below average. The income from beet this year should give the growers reason to be pleased that they stayed with the crop after the three bad years.

The Company receives no subsidies or aid either from the UK Government or from the EEC. The distortions created by the large gap between the green pound and the market exchange rate of sterling has put the Company and its growers at a disadvantage compared with their main competitors. The current year is bound to be tough for both the Company and its growers under such circumstances.

Position of Strength

The British consumer requires a secure source of sugar at economic prices. The Company is a low-cost producer of sugar when compared with any continental producers or its UK competitors. This low cost structure will allow both the Company and its growers to prosper when true market forces are allowed to operate within the EEC. The Board is determined to maintain the Company's relative cost structure. Its determination on this issue and its confidence in the Company's future can be judged by the recent announcement of a two year capital programme costing £70,000,000 to complete the capacity to produce 1,250,000 tonnes of sugar in the 1979/80 campaign. The perseverance of the Company and its growers will reap benefits in future years to the mutual advantage of consumers as well as growers, employees and shareholders.

Consolidated Balance Sheet	
	1977 1976
	£000 £000
CAPITAL EMPLOYED	
Share capital (authorised, issued and fully paid):—	
Ordinary shares of £1 each	15,000 10,000
Reserves	95,458 65,797
	110,458 75,797
Deferred tax	—
Deferred credits	2,371 2,578
Loan capital	20,700 11,000
	133,529 89,375
EMPLOYMENT OF CAPITAL	
Fixed assets	92,868 68,732
Current assets	
Stocks of consumable stores	16,123 14,255
Stocks of sugar and other products	16,102 6,340
New sugar beet crop	4,421 3,743
Debtors	21,338 14,418
Bank balances and deposits	9,398 4,123
	67,382 42,879
Current liabilities	
Tax	1,335 500
Creditors	23,314 21,060
Bank overdrafts	— 211
Dividends:—	
Final (recommended)	2,072 465
	26,721 22,236
Net current assets	40,661 20,643
	133,529 89,375

British Sugar Corporation Limited

COPIES OF THE 1977 ANNUAL REPORT AND ACCOUNTS WILL BE AVAILABLE AFTER FEBRUARY 6 FROM THE SECRETARY, P.O. BOX 26, OUNDLE ROAD, PETERBOROUGH, PE2 9QU. THE AGM OF BRITISH SUGAR CORPORATION LIMITED WILL BE HELD AT THE HYDE PARK HOTEL, 66 KNIGHTSBRIDGE, LONDON S.W.1. ON THURSDAY MARCH 2 1978 AT 12 NOON.

MINING NEWS

But better times are ahead for Amgold

BY KENNETH MARSTON, MINING EDITOR

LOWER profits, but with the indication of better times ahead, come from the Anglo American Corporation group's major South African gold share holding company, Anglo American Gold Investment. Net profits for 1977 have come down to R41.5m. (£24.7m.) from R64.5m. in the previous year and a reduced final dividend of 88 cents (50.6p) makes a year's total of 185 cents against 180 cents for 1976.

	1977	1976
Investment income	43,199	40,538
Interest	3,377	3,788
Dividends	1,177	1,177
Administration commission	1,016	1,236
Interest paid	1,889	372
Provision against loans	1,723	1,767
Profit before tax	41,668	45,169
Provision against loans	101	101
Profit after tax	41,567	45,068

The indication of better times in the current year comes with the improvement in fortunes of Anglo American's subsidiary, Anglo American Gold Investment, which has recovered in the second half of 1977 along with the recovery in the gold price. Also pointing to better times has been the resumption of share leasing profits.

Investment income in the first half of 1977 dropped 20.6 per cent. to R21.3m. but it picked up in the second half with the result that the year's total of R41.5m. was only R1.7m. down on the 1976 total. It must be remembered that such income does not accrue evenly throughout the year.

As with all investment companies, Amgold's revenue is sub-

ject to a time-lag between the declaration of dividends on its investments and the eventual appearance of such income in the investment company's accounts.

By now the rising tide of gold mining dividends is flowing through to Amgold and the current half-year's results should make a bright showing with the prospect of further good tidings in the second half. Amgold lost 1 to 1½ in a generally weak share market yesterday.

Messina omits its interim

THE WEAKNESS of copper prices claims yet another victim, this time the Messina (Transvaal) South African copper mining and industrial group. After having suffered a sharp fall in earnings for the year to last September, the group does not intend to pay an interim dividend for the current year. For 1976-77 there was an interim of 20 cents followed by a final of 10 cents.

At yesterday's Johannesburg meeting the chairman, Commander H. F. Grenfell, said that the group's performance in the first quarter of the current year has confirmed that there is little hope for improved results for the full period. Apart from the Rhodesian branch, the group's mines are operating on, or near, an unprofitable basis. Failing a substantial increase in the copper price, the group's contribution to profits by the mining side of the business is unlikely this year to compensate for losses on the industrial side, he said. Messina fell 6p to 90p yesterday.

BIDS AND DEALS

Brittains gets £2m. boost

BY JOHN MOORE

Equity Capital for Industry is providing £2m. of additional capital for Brittains, the Staffordshire-based paper group.

The move is designed to provide the additional capital needed for a major investment programme, directed towards the modernisation of the paper activities and expansion of the plastics division. It will also expand Brittains' equity capital base, and broaden and strengthen the range of Brittains' existing speciality paper products. The initial introduction was arranged by the Bank of England's Manchester office.

As a result of the package, ECI will be entitled to between 13.32 and 27.54 per cent. of the voting rights in Brittains. It will also have Board representation.

The additional funds are to be injected by the subscription of new shares and loan capital by ECI. Brittains is to issue at par £1.5m. of new 5 per cent. Cumulative Convertible Redeemable Securities, £500,000 of 12 per cent. Convertible Secured Loan 1985.

ECI will subscribe for £500,000 of the Preference shares (as well as for the whole of the Convertible Secured Loan). But existing shareholders and holders of the 10 per cent. Convertible Redeemable Securities will be offered an opportunity to apply for the remaining £1m. of Preference shares on the same terms as ECI, but not applied for. How the application is to be arranged has not been decided.

Listing will be sought for the Preference shares on the Stock Exchange, but the Convertible Secured Loan will not be quoted. The Preference shares will be convertible between 1981 and 1999 inclusive into Ordinary shares of Brittains at the rate of three Ordinary shares for each £1 preference share.

Until the conversion rights have expired the Preference shares will carry voting rights on a basis corresponding to their voting entitlement after conversion, namely three votes for each £1 preference share. They will be redeemed at par in 1981, when it will be finally repaid.

However, ECI's subscription is conditional on the completion of two transactions by the group. One includes the acquisition of Wolverton Paper Mills, near Oxford, for £1.7m. to be financed by an issue of Ordinary shares and a loan.

The other requires the sale of Brittains' 50 per cent. stake in the British-Riegel to its partner, Rexham Corporation of the U.S. for £1m. cash. In 1976 profits were £28,000, but had risen to £200,000 by last year.

Brittains' bid was in the last financial year was unchanged on sent to shareholders yesterday.

It contained Dew's official estimate of £1.5m. pre-tax profits for the year ended October 31, 1977. The chief executive, Mr. John Dew, said the group had asked for the estimate as one of the conditions of the bid.

As part of the deal Dew is proposing to issue a scrip issue which would value the bid at 56½p a share on the increased capital—equivalent to 170p a share on existing capital. Volker has already received acceptances, representing 51 per cent. of Dew's issued capital.

KUWAIT BUYS 8% OF MALAYALAM

The Kuwait Investment Office has emerged as one of the institutions to buy a stake in Russell's 32.5 per cent. stake in Malayalam Plantations. The K.I.O. has bought 8.09 per cent. of Malayalam as a share of the company's 200 million shares, and is offering the equivalent of one H and C share for every 11 Malayalam shares in its current bid for Malayalam.

MIDLAND BANK

The Midland Bank has agreed to buy a 40 per cent. stake in the bank which has recently been divesting itself of a number of joint international operations with the consent of its own shareholders abroad.

The other shareholders, Oversea-Chinese Banking Corporation, Great Eastern Life Assurance, and Oversea Assurance Corporation, remain unchanged.

Midland intends further to develop FOC's role in the Singapore finance industry.

VOLKER/DEW

The official offer document for Adrian Volker Group's £7.5m. agreed cash bid for G. Dew was

PORTSMOUTH BUILDING SOCIETY

Notice is hereby given in accordance with the Society's Rules that as from 1st Feb. 1978 the following rates of interest per annum will be paid on the various types of investment account:—

	Ordinary Shares	Monthly Income Shares	6 Month Term Shares	2 year Period Shares	3 year Period Shares	Subscription Shares
	5.70%	5.70%	6.20%	6.70%	7.00%	7.20%
	Equivalent to	Equivalent to	(where income tax is payable at the basic rate of 34%)			
	8.84%	8.84%	9.39%	10.15%	10.61%	10.91%

Interest rates paid on discontinued previous issues of period shares will reduce by 0.5% net. Rates paid on accounts subject to basic rate tax will be reduced by 0.5% p.a.

176 London Rd., North End, Portsmouth.
Member of Building Societies Association
authorised for investments by trustees.

NEWS ANALYSIS—REED'S SALE OF NAMPAK

First major step in retrenchment

BY NICHOLAS COLCHESTER

Reed International's purchase of Nampak, the largest packaging company in South Africa, was completed in January 1976, well after Alex Janse van Rensburg had taken over as chairman of the company. It was a deal that went through in the transitional period before Reed's new top management fully realised the deep financial waters into which the multi-national paper company was sailing.

Yesterday Nampak, one of the last building blocks in Reed's ambitious expansion, was singled out as the first major disposal in Reed's retrenchment programme. In March, Reed had sold bits and pieces of its business worth a total of about £30m. If the negotiations for the sale of Reed's South African interests to Union Corporation are successful, and if Reed gets a good price and is allowed to repatriate the cash on favourable terms, it may doubt that figure.

As the news was announced the South African management of Reed Corporation were stressing that the deal was "purely commercial". But at the parent company's head office in Piccadilly, the line between commercialism and politics was blurred. It was not secret that David Cormie, the finance director, "that if a suitable opportunity arose, Reed was interested in withdrawing from South Africa and in such a situation the interests of Reed's shareholders and of the company as a whole were paramount."

The deal makes commercial sense in that Reed can only sell businesses that are sellable. Yet in industrial terms the offer to sell Nampak does not concern the usual start-up problem and concentrating "on the main stream of Reed's business". Nampak is a successful and profitable packaging company, and packaging is a key element in Reed's business. To this extent the decision to sell such a company seems a clear reflection of Reed's view of the economy in which it operates.

Reed has run Nampak for only two years. Its bid for the com-

pany in November, 1975, was the cause of controversy. It paid too high a price for its initial 32 per cent. stake: \$4.25 a share to St. Regis, the paper company with a 31 per cent. holding, and Rand 3.40 to public shareholders—a sum total of £25m. It also undertook to buy a 10 per cent. stake from the then chairman of Nampak, Mr. Oscar Frumman, two years later at a price of Rand 3.43 a share. Mr. Frumman exercised his right to sell the other day, at a very advantageous price to himself—the market price for Nampak was £3.00—and at a cost to Reed of £8m.

Originally Reed intended to put all its South African businesses into Nampak, but in the event it has only gone halfway in doing this. Last autumn it sold Nampak to Union Corporation, which took the parts of the external interests of Reed's South African businesses, and four packaging companies and a company making charts for scientific recorders.

The terms of this deal transferred 85% of Nampak's liquidity to Union Corp. They were carefully scrutinised in Johannesburg because it was well known that Reed wanted to use the money for another of his "main stream" projects, the Stanger pulp and paper venture. Stanger was conceived five years ago as a "back stop" in the days when we were building pulp mills anywhere anybody wanted them."

In both Johannesburg and London there was total silence yesterday on the terms Reed might negotiate for its sale of the South African businesses.

The market value of Reed's holding in Nampak was £146m. or about £27m. But any speculation on the final amount is complicated by the terms on which Union Corporation will take over the loss-making and almost exclusively financed Stanger paper mill. It is also difficult to see what proportion of the cash Reed will be able to take out of South Africa without suffering the 32 per cent. discount on the securities Rand.

Reed's management is clearly hopeful that a way round this problem can be found and that Reed will emerge with a sum far short of the £31m. that it paid for its 32 per cent. stake in Nampak.

or is required to purchase the shares, the consideration for the purchase would be £2.4m. payable partly in cash and partly in Ordinary shares of Reed.

At December 31, 1976, the net assets of the company, adjusted to include provisions for deferred tax, were £1.93m. and their profits before taxation for 1976 £406,000.

BIT/BLACK DIAMONDS

The offer by Black Diamonds Pensions for the 3.67 per cent. Preference Stock of British Investment Trust which was declared unconditional on December 12, 1977 will remain open at least until February 13, 1978.

Acceptances of the Preference offer have been received in respect of £1,322,439 nominal of Stock, representing 75.35 per cent. of the issued Preference stock.

FOTHERGILL AND HARVEY

Subsequent to the announcement on December 22, Fothergill and Harvey announces that contracts have now been completed Treatments a wholly-owned subsidiary of Acheson Industries (Europe).

The consideration is being satisfied by issue of 219,293 new shares in Fothergill which have been placed with various institutions to raise £185,000 after expenses.

MOORSIDE TRUST-ST. LAWRENCE

Merger negotiations still continuing between Moorside Trust and London and St. Lawrence Investment but completion is held up pending clarification of certain tax matters relative to Moorside which are awaiting a hearing before the special commissioners.

NOTICE OF REDEMPTION OF ALL UNEXCELLED INTERNATIONAL, N.V.

7% Guaranteed Debentures Due March 1, 1979
10% Guaranteed Debentures Due June 30, 1979

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture, dated as of March 1, 1969 among Unexcelled International, N.V. (the "Company"), Unexcelled, Inc. (now Twin Fair, Inc.), as Guarantor, and The Chase Manhattan Bank (National Association), as Trustee (the "Trustee"), that the Company will redeem all the 7% Guaranteed Debentures of the principal amount thereof (the "Redemption Price") together with interest accrued thereon to the Redemption Date.

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture, dated as of January 1, 1971 among Unexcelled International, N.V. (the "Company"), Unexcelled, Inc. (now Twin Fair, Inc.), as Guarantor, and The Chase Manhattan Bank (National Association), as Trustee (the "Trustee"), that the Company will redeem all the 10% Guaranteed Debentures of the principal amount thereof (the "Redemption Price") together with interest accrued thereon to the Redemption Date.

On March 1, 1978, all the 7% Debentures and all the 10% Debentures will become due and payable at the respective principal amounts thereof together with accrued interest to the Redemption Date.

Payment of the Redemption Price, together with accrued interest to the Redemption Date, will be made upon presentation and surrender of the 7% and 10% Debentures, with all coupons maturing after the Redemption Date appertaining thereto, at any of the following paying agents:

The Chase Manhattan Bank (National Association)
P.O. Box 440
Worldwide House, Colman St.
London EC2P 2HD, England

Kredietbank, S.A. Luxembourg
37 rue Notre-Dame
Luxembourg, Luxembourg

In accordance with the provisions of the Indenture dated as of March 1, 1969, any 7% Common Stock of Twin Fair, Inc. (the "Common Stock") held by the Trustee, as Trustee, shall be redeemed upon the exercise of Warrants of the Common Stock upon the exercise of Warrants at \$37.45. So long as the market price of the Warrants will receive Common Stock having a lower market value than the cash which they would receive upon redemption.

The Common Stock is traded on the American Stock Exchange and the closing price of the Common Stock on such Exchange for the period of December 1, 1977 through January 19, 1978 ranged from a high of \$4 per share to a low of \$3.75 per share.

Until the close of business on March 1, 1978, 7% Debenture holders have the right to credit the office of The Chase Manhattan Bank (National Association) or any of the other paying agents with the cash which they would receive upon redemption.

UNEXCELLED INTERNATIONAL, N.V.
By: The Chase Manhattan Bank (National Association),
Trustee

Dated: January 27, 1978

Exxon plans \$1.1bn. Chilean expansion

EXXON MINERALS International, subsidiary of the giant U.S. oil corporation, Exxon, plans to spend \$1.1bn. (£683.3m.) expanding La Disputada de las Condes copper mine in Chile. The scale of the investment was disclosed as Exxon signed a contract to purchase the mine for \$110m. (£53.3m.).

The mine is being sold by the state-owned company, Empresa Nacional de Minería, part of the Chilean Government's policy of selling state assets. Exxon's investment is its largest so far outside the energy field and emphasises the international plans of major oil groups.

Mr. John Finley, the Exxon executive who is becoming president of La Disputada, said preliminary surveys indicated that the mine had enough reserves to justify a major expansion. But the investment will not be made if the results of an exploration programme, lasting 30 months and costing \$7m., are not satisfactory.

Despite the tentative nature of the plans, the declaration of intention suggests that Exxon has accepted the commonly held view of copper shortages emerging in the 1980s. However, the group is ending against the recessionary trend in the industry which has been manifest in widespread production cutbacks.

La Disputada has two main deposits. The latest figures show that one contains 188m. tonnes of reserves grading 0.85 per cent. copper and the second has 981m. tonnes grading 0.72 per cent. copper.

The Chilean Government opened the mine to bidders last October. Exxon was the only group in-

terested and announced its offer in December. The contract just signed in Santiago provides for Exxon to pay the sellers more than \$86m. in cash next month and the balance after the metal price of La Disputada's books has been completed.

Empresa Nacional holds 88.5 per cent. of the mine's shares and Exxon is paying \$2.1 a share. The remaining shares are in private hands and Exxon has agreed to buy those at the same price.

(512p) a share. The shares were 510p yesterday.

THE South African mining investment group, Middle Westwater (Western Areas), made a net profit in the six months to December of £14.7m. (£898,550) compared with £13.7m. (£858,550) in the same period of 1976. The market value of the company's listed investments at the end of 1977 was £55.5m. against £42.7m. at the end of 1976.

Hudson Bay Mining and Smelting, the Canadian arm of South Africa's Anglo American Corporation, is paying \$200,000 (£133,300) for a mineral property with a known lead-zinc deposit 60 miles away from the centre of its operations at Flin Flon in Manitoba. The sellers are Freeport Exploration and Development and Beth-Canada Mining. Hudson Bay is to pay a royalty of 25 cents for every ton of ore mined.

SAAIPLAAS HIT BY COSTS JUMP

THE COST of the No. 3 shaft development at the Anglo American Corporation's free State Saaipplaas, has escalated to £120m. (£70.9m.) from the original estimate of £80m. Mr. Denis Etheridge, the chairman, told the annual meeting in Johannesburg yesterday.

He explained that capital costs had risen at a higher rate than originally forecast and warned that additional funds would be required from shareholders, probably in early 1979. The shaft will be commissioned in 1981.

Mr. Etheridge did not specify an amount, saying that the extent of the requirement would depend on the level of the bullion price. With an extensive capital programme, embracing an interest in Anglo's OFS joint metallurgical scheme, and a low grade of ore, Saaipplaas is vulnerable to bullion price movements and any increase in costs. In the last two quarters, when there were no uranium profits, the mine made an operating loss.

Its shares, however, have taken part in the recent rise of the market and closed yesterday at 112p, not far from their 1977-78 peak of 126p.

MINING BRIEFS

THE MOUNT LEVEL

Ore Treatment	11.17	12.17
Concentrate	1.58	1.64
Concentrate (tonnes)	37.89	48.97
Trade (tonnes)	26.94	36.12
Realisable	6.32	10.37
Gold (tonnes)	29.10	19.27
Silver (grams)	1,344,423	1,623,396

In New York yesterday, ASARCO, the international copper producer which recently received a London listing, declared a regular quarterly dividend of 10 cents

per cent. Therefore the Bank of England probably felt that there was no need to reinforce the signal by giving it more than one day this week. The difficult conditions in the market and the firmness of overnight money, had even led to suggestions that M.L.R. may have been unchanged without guidance from the authorities.

Day-to-day credit remained in very short supply, and the authorities gave the signal to the market by lending a small amount for seven days at Minimum Lending Rate of 6½ per cent., to eight or nine houses. Further help was given by lending an exceptionally large amount overnight at M.L.R. to the same number of houses.

Bank balances were a long way up overnight, and the market was also helped by a slight excess of Government disbursements over revenue payments to the Exchequer, and a slight fall in the note circulation. On the other hand there was a fairly large net take-up of Treasury bills, and repayment was made of the exceptionally large amount borrowed on Wednesday.

Discount houses paid 6.4½ per cent. for secured call loans for most of the day. In the interbank market overnight loans rose to 8½ per cent. at the close.

Local authorities and finance houses seven days' notice, others seven days' notice. Local authorities seven days' notice, others seven days' notice. Local authorities seven days' notice, others seven days' notice.

Approximate selling rate for one-month Treasury bills 2½ per cent.; two-month 2½ per cent.; three-month 2½ per cent.; four-month 2½ per cent.; five-month 2½ per cent.; six-month 2½ per cent.; seven-month 2½ per cent.; eight-month 2½ per cent.; nine-month 2½ per cent.; ten-month 2½ per cent.; eleven-month 2½ per cent.; twelve-month 2½ per cent.

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MONEY MARKET

Signal on interest rates

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

The authorities gave a signal to the London money market yesterday that they do not wish to see a change in Bank of England Minimum Lending Rate this week.

This was the second obvious opportunity to send a message on interest rates on consecutive days, but although discount houses' rates for three-month Treasury bills had pointed towards a cut in M.L.R. since the beginning of the week, there had been no evidence of any pressure or enthusiasm for a fall of more than

Local authorities and finance houses	1999	notice, otherwise seven days' fixed
normally three months	814-61 per cent.	four years' bill, 101 per cent.; five years' bill, 102 per cent.
buying rates for prime paper.	Buying rate for four-month bank bill	6.62-67 per cent.
Approximate selling rate for one-month Treasury bills	3212-16 per cent.	two-month 3212-16 per cent.
Approximate selling rate for one-month bank bills	61 per cent.	two-month 61 per cent.
One-month trade bills	61 per cent.	two-month 61-64 per cent.; and a
Discount House Rates (published by the Discount House)	discount rate	at present 6.4-8 per cent.
Deposits	Rates for deposits (see notes)	1 per cent. Clearing bank
Average tender rates of discount	5.7741 per cent.	

Financial Times Friday January 27 1978. Dow falls 9 on institutional selling. £ & \$ improve. GOLD MARKET. CURRENCY RATES. EURO-CURRENCY INTEREST RATES. FORWARD RATES. OVERSEAS SHARE INFORMATION. NEW YORK. CANADA. AMSTERDAM. COPENHAGEN. VIENNA. STOCKHOLM. MILAN. SWITZERLAND. PARIS. BRUSSELS/LUXEMBOURG. TOKYO. AUSTRALIA. BRAZIL. OSLO. JOHANNESBURG. AECI. SPAIN. SECURITIES HAND U.S. \$0.74.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

GHH hopes to maintain dividends this year

BY ADRIAN DICKS

OBERHAUSEN, Jan. 26.

WEST GERMANY'S largest engineering group, Gutehoffnungshütte Aktiengesellschaft (GHH), is cautiously hopeful that it can maintain in 1977-78 the DM6 per share dividend which it has paid since 1976-77. Dr. Heinz Kraemer, the finance director, said here to-day.

The dividend proposed for last year, ended last June 30, is down from DM7 per share, but taking into account the new tax credit, will result in a higher cash payment to German shareholders of DM5.38.

Although the GHH management is unusually cautious in trying to predict how the second half of the current year will develop, Herr Manfred Lennings, chairman, said he would "by no means exclude the possibility of a demand for higher dividends which would increase slightly during 1978". This would depend, he said, on an improvement in investment confidence, in which the most important element was the moderation of the rate of price increases.

Herr Lennings said that with the recent revaluation of the Deutschmark against most other currencies, "our cost level has reached the point where it will no longer be accepted by foreign customers". GHH had moved over a very limited pricing of its products in dollars, he said, but suggested that this would not become a general practice.

The GHH chairman admitted, however, that it was not yet possible to measure the possible impact on group orders and the company's decline. More and more, he said, GHH companies are concentrating on a few very large export orders whose circumstances are all different, he said, but because of this, the company's order book is increasingly

benefit from the fact that its dependence on exports has lessened in the five years between 1971-72 and 1976-77, declining from 58.4 to 49.8 per cent of total turnover.

Of these, the share taken by other industrial countries had fallen from 68 to 50 per cent, while that going to OPEC States had risen to 23.7 per cent from 1.9 per cent. Comparing these with the figures for West Germany as a whole, he said GHH had been able to adjust its export patterns in such a way as to protect itself.

Herr Lennings based his qualified optimism for 1978 partly on the recovery in orders for capital goods that had taken place during the final quarter of last year. Among the major areas of the group's business which the chairman said could look forward to a profitable year are some branches of plant construction, trading and commercial vehicles—where the next major project is MAN's joint venture with Volkswagen to produce a 3-6 ton range of vans and trucks.

Higher Siemens earnings

BY JONATHAN CARR

BONN, Jan. 26.

SIEMENS, West Germany's leading electrical concern, proposes to pay an unchanged 16 per cent dividend on net profits in the 1977-78 business year up to DM650m, from DM600m.

Because of the new corporation tax reform, this means that West German shareholders will receive a total of DM257m, will be required for the dividend payout of DM254m, in 1977-78, and DM154m, will be added to re-

serves of the parent company. The profit figure implies a return on sales (already announced as DM252.2m) of 2.6 per cent, against 2.9 per cent in the previous year. The company gives as one reason for the retention of the dividend the first time of the power station construction company Kraftwerk Union (KWU) in its results.

A Siemens now wholly owns KWU, having acquired the 50 per cent stake previously held by AEG-Telefunken.

'Satisfactory' Holderbank result

BY JOHN WICKS

ZURICH, Jan. 26.

THE SWISS cement industry holding company, Holderbank, "financiere Glarus AG, of Glarus, expects a "satisfactory" result of the past year. This is stated in the company's Board in the prospectus for a Sw.Frs.80m. (£15.7m.) bond issue being offered from to-day to February 1.

Holderbank, which last year had a net turnover of Sw.Frs.1,880m, said that its cash flow and net profits all developed well in terms of local currencies in 1977, although the Swiss franc figures will be affected by the decline of the dollar and other currencies against the Swiss currency.

With regard to the development of business in various parts of the Holderbank group, the company says that there has been a slight improvement in the financial results of European

subsidiaries and affiliates despite the state of the construction industry. A marked rise in turnover and an improvement in profits has been recorded in the U.S. and in the Middle and Far East, while companies in Canada and South Africa were subject to restrictive tendencies.

During 1977, Holderbank strengthened its participation in the American concern, Dundee Cement Company, the prospectus notes, and took up a holding in Cemento Cerro Blanco de Polpaico S.A. of Santiago de Chile.

John Valentine sale falls through

THE SALE of the John Valentine fitness clubs concern to the German-managed company Play, del Rey S.A. of Las Palmas, is not now to take place. Only last month it had been announced

KLM out of the red in third quarter

By Charles Batchelor

AMSTERDAM, Jan. 26.

KLM, Royal Dutch Airlines, increased its freight and passenger loadings in the third quarter of this year because of the U.S. ports strike and problems at some European airports. Net profit in the October to December quarter was Fls.25.7m, compared with a loss of Fls.18.5m in the same period a year ago.

This brought net profit in the first nine months of the year ending on March 31 to Fls.172.5m, compared with Fls.94.8m, the year before. Income continued to rise at a faster rate than costs, the airline reported in Amsterdam.

Revenue rose 12 per cent, in the quarter to Fls.566m, while costs, including depreciation, rose only 5 per cent to Fls.536m. Revenue in the first nine months was 8 per cent higher at Fls.2,180m, while costs were 5 per cent up at Fls.1,920m.

Net profit per Fls.100 nominal share rose to Fls.7.03 in the third quarter from Fls.6.04. Taken over the first nine months profit per share rose to Fls.51.94 from Fls.26.94.

The figures for 1977-78 have been adjusted to allow for an extension of the period over which the company is writing off some of its aircraft, and for changed accounting procedures applied to some leased aircraft.

Building and construction materials sales were marginally higher for the first 30 September 1977 than for the same period last year. The main factor affecting sales was the generally depressed level of building activity.

Minerals and chemicals The Mt Newman venture (Pilbara Iron Ltd., 58% CSR, has a 30% interest) shipped 12.9 million tonnes of iron ore in the half year (16 million tonnes in the same period last year). However, record output rates are now being achieved and averaged 3.4 million tonnes per month in October and November 1977. Construction of a heavy media separation plant has commenced at the Mt Whaleback mine, which will permit the upgrading of 7 million tonnes of ore per year.

Buchanan Borehole Coalfields Pty Ltd (92.85% CSR) shipped 552,000 tonnes of coal in the half year (422,000 tonnes in the same period last year). Expansion to a capacity of 2 million tonnes of soft coking coal per year has been completed.

The Gove joint venture (Gove Alumina Ltd., 51% CSR, has a 30% interest) shipped 1,014,000 tonnes of bauxite and 165,000 tonnes of alumina in the half year compared with 925,000 tonnes of bauxite and 162,000 tonnes of alumina in the same period of 1976. The plant at Gove (Northern Territory) will be modified at a cost of US\$30.8 million to produce sandy alumina, which is in greater demand than the flouy alumina now produced.

The acquisition since the end of the half year of a majority interest in AAR Limited represents an important step in improving CSR's access to basic resources. Development of AAR's Hall Creek (Queensland) coking coal deposit will be a major priority for CSR in the next few years.

AMERICAN NEWS

SEC holds fire on market proposals

By Jurek Martin, U.S. Editor

WASHINGTON, Jan. 6.

THE SECURITIES AND Exchange Commission has decided to give only a fairly modest regulatory nudge in the direction of a national securities market in the U.S., its keenly awaited policy document on the subject, out to-day, revealed.

In essence, the SEC concluded that it was still not clear what form such a national market should take, and that progress in the market should be "evolutionary" rather than officially directed. The Commission warned the securities industry, however, that it would look askance at patent footdragging over the dismantling of restrictive regulations or excessive delays in introducing technological improvements.

The only mandatory step it took to-day was to order that by this time the SEC should have in place a system to collect and disseminate to brokers quotations and quotation sizes for all reported securities.

The SEC also said that, on the basis of present knowledge, it could see no reason why two other facilities—an intermarket order routing system and a universally available message switch enabling dealers to place orders in any market—should not be implemented by September 30.

But on the controversial issue of off-board trading restrictions, the SEC deferred any action until September 30 at the earliest, although the policy statement said that the Commission did not want this to be construed that such current restrictions might be allowed to stay on exchange books, the SEC chairman, Mr. Harold Williams, told reporters that when a September deadline came round the SEC review might conclude that curbs should be ended immediately, or should be allowed to stay for a time.

In other words the SEC elected not to make one fell swoop such restrictions as are embodied in Rule 300 of the New York Stock Exchange, which prohibits member firms from handling off-board transactions. Those who wish to retain such rules claim that if they are ended, a few firms such as Merrill Lynch, will quickly acquire even greater domination of the markets than they command at present.

More generally, the securities industry has argued that to end rule 300 in particular, without having put in place a working national market system, would have the effect of inducing complete confusion in this business. The SEC delay, therefore, is likely to be welcomed.

"I don't think there is any question," Mr. Williams said, "that exchange-based restrictions in the context of a national market system are inappropriate, but he flatly refused to say when he thought they would formally be ended.

On a number of other technical questions associated with the creation of a national market system, the SEC suggested that further study was still necessary. These include both basic issues, such as who would regulate the market, to financial factors, such as the use of put and call options, and technological developments such as the creation of an electronic limit order book.

However, the SEC did lay down several deadlines by which time the industry is expected to come up with proposals.

The SEC made it quite clear that two precise forms of national market had been ruled out. The first would have been simply to modify and unite the existing exchange markets, preserving in effect the hegemony of the New York Stock Exchange; this, the SEC said, would probably not serve the needs of as large and diverse a country as the U.S.

The second would have involved the creation of a computer-based national market system, which would take care of all orders, whether from the public or from market makers. This, in essence, the SEC deemed too extreme a change, with imponderable but perhaps destructive impact both on existing exchanges and on the manner in which securities trading is now conducted.

The SEC's basic philosophy, on the other hand, was to recognize that the nation's securities markets are constantly evolving and that alternative means of achieving the goals of a national market system may be developed. The Commission's own perceived role is more that of the rough architect, drawing up a framework in which the securities industry could make evolutionary changes.

McDonnell Douglas

McDonnell Douglas peak order book

McDONNELL DOUGLAS, the aerospace group, boosted its revenues from \$108.8m. in 1976, equal to \$2.85 a share, to \$122.9m., or \$3.20 a share in 1977. Sales were unchanged at \$3.54bn. for the year.

The results reflected a further quarter return in net profits from \$38.7m., or 74 cents a share, to \$34.2m., or 69 cents, on sales up from \$988.6m. to \$1.1bn.

In New York yesterday, the company said its firm order backlog as of December 31 was \$4.6bn, compared with \$3.1bn at the end of 1976. Total backlog was a record \$7bn, compared with the year-earlier total backlog of \$5.9bn.

General Electric chief hits at tax proposals

BY JOHN WYLES

NEW YORK, Jan. 26.

A SHARP ATTACK on President Carter's proposals to tighten up on the taxation of American corporations' foreign earnings was delivered to-day by Mr. Reginald Jones, chairman and chief executive of the General Electric Company, when he announced a 17 per cent increase in the company's net earnings for last year.

Although Mr. Jones was generally complimentary about the president's \$24.5bn. tax cut proposals, he characterised the proposals as "like unilateral disarmament" in the battle for exports and the related jobs.

The administration is seeking approval to phase out tax deferrals for export corporations created offshore for 1978 and 1979. The company's economists said Mr. Jones, were forecasting a real economic growth rate of 4.5 per cent for 1978 and 1979.

In 1977 General Electric's un-audited earnings rose to \$1.1bn. threshold for the first time in the history of the world's largest manufacturer of electrical equipment. Net earnings of \$1.088bn., or \$4.79 a share were 17 per cent up on 1976's \$930.6m. Sales for last year were up \$17.5bn., an increase of 12 per cent on the year before. Fourth quarter earnings were \$332m., or \$1.46 a share, com-

pared with \$292.2m. or \$1.29 a share.

Summarising the performance of the company's main sectors, Mr. Jones reported that consumer products and services had sales well ahead of 1976, while major appliances and air conditioning doing particularly well.

Sales of industrial products and components were also well ahead of the previous year, and the ratio of earnings to sales had improved.

There had been a good improvement in power systems earnings from the "relatively low level" of 1976, but steam turbine generator earnings were down substantially because of the rescheduling of deliveries to suit customers' requirements.

Technical systems and materials sharply improved the earnings rate, with engineered products yielding the strongest gains.

Union Carbide's shares fell 38¢ to \$81 in its figures which were more in line with what the market was expecting for the year. Union Carbide reported a net income of \$385.6m. (\$6.06 a share) compared with \$441.2m. (\$7.14 a share) in 1976. In the fourth quarter Union Carbide's earnings were \$108.1m. (\$1.68 a share) against \$105.1m. (\$1.69 a share).

The company suffered a 34¢ share loss on foreign currency fluctuations in the quarter, and 42¢ a share loss for the year.

Mr. William S. Sneath, chairman, said that 1977 was a year in which operating margins were under pressure. There was strong resistance in the world to price increases we needed to offset a continuing escalation in nearly all our costs," he claimed.

Quarter earnings per share were 12¢, compared with 12¢ for last year's fourth quarter. On sales of \$4.6bn. (1976 \$4.3bn.) Union Carbide earned net profits of \$275.5m. for the year (\$7.46 a share) compared with earnings of \$266.3m. (\$4.05 a share) in 1976.

The company said that fourth quarter earnings were hit by pricing pressures on major petrochemicals, including styrene monomer and phenol. It added that major customers, particularly the car industry, had cut back on orders in the fourth quarter to adjust inventories.

In addition, it continued to report losses in its European textile operations. Low shipments of polyester filaments also caused domestic textile operations to report marginal fourth quarter losses.

Monsanto said that fourth quarter earnings per share were 12¢, compared with 12¢ for last year's fourth quarter. On sales of \$4.6bn. (1976 \$4.3bn.) Monsanto earned net profits of \$275.5m. for the year (\$7.46 a share) compared with earnings of \$266.3m. (\$4.05 a share) in 1976.

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Monsanto fall weakens shares

NEW YORK, Jan. 26.

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Eaton lifts profits to record levels

By Our Own Correspondent

NEW YORK, Jan. 26.

EATON CORPORATION, the international manufacturer of automotive components, pushed its net earnings 17 per cent higher last year to establish a new record level for the company.

Although, as the company pointed out, some of the surge for its product outside the U.S. was "soft throughout the year," the near-record volumes of car production in the U.S. and Europe had a significant impact on sales, coupled with Eaton's additional penetration of the car component market.

Net profit for the year was \$106.3m., or \$6.10 per share, compared to \$90.9m. in 1976, or \$5.23 per share. Sales were \$2,118m., compared with \$1,911m. in 1976. Eaton's fourth quarter earnings were \$26.3m., or \$1.61 a share, against \$23.6m., or \$1.46 a share. The company said its fourth quarter results were depressed by 35 cents a share because of a \$9.5m. foreign exchange loss.

A cost reduction programme and foreign exchange losses have raised Eaton's income tax rate from 30.6 per cent in 1976 to 32.5 per cent, and the company says it will try to reduce this rate during the coming year.

Virtually all of Eaton's product lines have had a good year, especially heavy duty truck components, industrial lift trucks and power transmission systems. Eaton is reportedly still in the market for a major acquisition following its failure to acquire Carbide Union Company with a \$373m. bid last October.

Ashland abandons Corco interest

ASTLAND, Jan. 26.

MR. ORIN E. ATKINS, chairman and chief executive of Ashland Oil, indicated at to-day's annual meeting that Ashland is abandoning its interest in acquiring any stake in Commonwealth Oil Refining Company.

Ashland had an option to buy a controlling interest in Commonwealth for \$50m., but it expired, unexercised, on November 20. However, Ashland has engaged periodically since that time in informal talks with Commonwealth.

Ashland Oil had provided crude oil for Commonwealth Oil's Puerto Rican refinery, Mr. Atkins said, that Ashland's "endeavour to operate the Commonwealth Oil facility will be at best deferred, and probably forgotten."

AP-DJ

UAL pays more

IN SPITE of a fourth-quarter operating loss, United Airlines (UAL) is raising its quarterly dividend from 15 to 20 cents a share.

The company announced in Chicago an operating loss of 3 cents a share for the final quarter of 1977, against 15 cents in 1976. Total operating net loss was \$688,000 against \$3,583,000 previously, on revenues of \$823.7m. against \$744.4m. in 1976.

Operating profits for the whole of 1977, however, advanced from \$18m. to \$92.9m.—from 75 cents to \$3.72 a share—on revenues up from \$2,938m. to \$3,270m.

Net figures for 1977 for both periods excludes an extraordinary gain of \$45.3m., or \$1.82 a share resulting from a debt exchange, while the year's net includes investment tax credits equal to \$1.70 a share

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Steel downturn hits
Ahlseil earnings

BY WILLIAM DUFFLOR

STOCKHOLM, Jan. 25.

AHLSEIL, the Swedish building material wholesaler and steel stockholding group, reports a 20 per cent fall in pre-tax earnings to Kr.40.3m. (\$4.5m.) for the eight months ending November 30. Turnover, excluding VAT charges, rose 12 per cent to Kr.1.34bn. (\$150m.).

The low prices prevailing throughout western Europe meant that the group's steel trading failed to cover its costs, but managing director Sven Ostling reports that losses were limited by switching out of the normal commercial grades.

More remarkably, despite the low level of activity in Swedish building, the group's piping, heating and sanitary equipment division, which accounts for over half of turnover, maintained both sales volume and earnings. Ahlseil increased its share of a declining market.

Mr. Ostling anticipates no changes in sales and profit performance during the remaining four months of the financial year. This implies earnings for 1977-78 of around Kr.53m., compared with Kr.67m. for the previous financial year and a turnover of Kr.2.1bn.

Trusts lift dividends

BY OUR NORDIC CORRESPONDENT STOCKHOLM, Jan. 26

REPORTING their preliminary 1977 results this week, three Swedish investment trusts have shown slight increases in operating income and propose to increase shareholders' dividends marginally, to Kr.41.5m. and the Board proposes to increase shareholders' dividend from Kr.7.25 to Kr.7.50 a share.

The Providentia Board recommends a Kr.1 increase in dividend to Kr.9.50 after a Kr.4.4m. rise in income to Kr.44.1m. At Kr.7.43m., its share portfolio showed a 20 per cent fall in value over the year.

The investor portfolio declined 21 per cent to Kr.79.4m., while income from dividends and interest rose by Kr.2.1m. to Kr.44.6m. The Board proposes to pay shareholders Kr.9.50 a share against Kr.9.25 in 1976.

Country and New Town
Properties Limited

Interim results

The estimated unaudited result for the half year ended 31st July 1977, with comparative figures for the corresponding period of the previous half year and the final figures for the year to 31st January 1977 are as follows:-

	Half Year	Half Year	Year
	31.7.77	31.7.76	31.1.77
	£000's	£000's	£000's
Group Result before Taxation	253	(70)	(88)
Provisional charge for Taxation	195	62	79
Group Result after Taxation	58	(132)	(168)
Minority Interests	142	43	105
	(84)	(175)	(273)
Preference Dividend has been paid	1.4	1.4	2.8

The half yearly figures to 31.7.77 have been restated to give effect to the Board's decision to write off the expenses before taxation relating to properties previously held for development and which are included in the figures for the year to 31st January 1977.

Provision has been made for a revenue loss for the half year of £59,000 attributable to the Arnhem property in Holland is reflected in the figures shown above. This property was sold on the 30th December 1977 at written down book value.

The tax charge has arisen entirely overseas. The disproportionate level of the figure to the pre-tax profits reflects the fact that no offset of the charge may be made against the provisional tax position existing in other parts of the group.

Notes

- The improved trend shown in the above statement has been maintained in the second half of the year, and it is hoped, after taxation and minority interests, to recover the loss sustained in the first half. Nevertheless, the Directors consider that the financial position of the Company warrants the payment of an interim dividend of 2% (0.2p per share) on account of the full year.
- Major improvements at the Strand Store are progressing very satisfactorily and will in the main be completed before the end of the year, after which the Store should be capable of supporting a market rental.
- With the objective of securing long term expansion, the Board in conjunction with representatives of the major shareholder, The British & Commonwealth Shipping Company Limited, which has minority interests in certain of the overseas subsidiaries, have been examining proposals to reorganize the Company's overseas interests into a separate self-financing group. Such reorganization would create a major offshore property investment group with greater flexibility in arranging the necessary finance.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Preference Shares.

BATLEYS OF YORKSHIRE
LIMITED

(Incorporated in England under the Companies Act 1948)

Issue of 514,285 10 per cent

Cumulative Preference Shares of £1 each

The Council of The Stock Exchange has granted a listing for the above-mentioned Preference Shares. Particulars of the rights attaching to them are available in the Extel Statistical Service and copies of the statistical card may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 10th February, 1978 from:

Fiske & Co.,
Salisbury House,
London Wall,
London EC2M 5QS.

27th January, 1978

Trust Bank rights issue
will double equity

BY RICHARD ROLFE

JOHANNESBURG, Jan. 26.

THE BANK HOLDING Group Bankorp, which has 60 per cent of the embattled Trust Bank and is the banking arm of the Sanlam Life Society, is proceeding with the next phase of the Trust Bank rescue by means of a R25m rights issue. In a circular to Trust Bank shareholders published today, it has been announced that the offer will consist of 50m. 11.5 per cent cumulative preference shares, automatically convertible into Trust Bank ordinary shares by December, 1984, with an option to convert in December of 1982 or 1983. As Trust Bank currently has 47m. ordinary shares in issue, its ultimate equity capital will more than double.

Bankorp will underwrite the issue free of charge, but a second leg of the operation is scheduled once it is known what percentage of the Trust Bank minority take up their rights. This is a rights issue in Bankorp itself, which will be underwritten by Sanlam, in turn holding 57 per cent of Bankorp.

The objective all along has been to transfer R25m. from Sanlam to Bankorp into Trust Bank, where the funds are needed to restore capital ratios. Sanlam's actual commitment will be less than R25m. to the extent that the Trust Bank and Bankorp minorities exercise their rights.

The choice of the unusual designation, automatically convertible preference shares, is because Sanlam and Bankorp had

Island Dyeing falls
back in first half

BY DANIEL NELSON

HONG KONG, Jan. 26.

ISLAND DYEING and Printing fell back to around its 1975 position with an unaudited loss of HK\$404,000 for the six months to September 30, and again has declared no interim dividend. A loss of HK\$242,615 was made in the equivalent period of 1975, followed by a half-year pre-tax profit of HK\$35,41m. in 1976, although no dividend was paid because of uncertain demand. Turnover was down from HK\$73.94m. to HK\$66.71m. and the company blamed the down-

Setback at Mutual Maritime

A SIGNIFICANT fall in profits for the year to March 31 has been forecast by Mutual Maritime Holdings, a shipping company, combining local and Japanese interests, which made a net profit of HK\$3.12m. in 1976, up from HK\$5.49m. But the

company expects to make a profit and pay a final dividend. Like many Hong Kong shipping concerns, most of its vessels are on charter to Japanese companies, and there is concern in the colony that the trouble-hit Japanese shipping industry may ask for a renegotiation of contracts.

A major partner in the formation of Mutual Maritime in 1973 was Japan Line, which is currently seeking a debt rescheduling which could involve fleet reduction.

HONGKONG LAND'S wholly-owned subsidiary, Hongkong Land (Hawaii) is to purchase the Davies Pacific Center, a 23-storey office-commercial complex in Honolulu, from Theo. H. Davies for an undisclosed cash sum.

Increased
profits
forecast
by KDB

HONG KONG, Jan. 26.

KOREA DEVELOPMENT Bank (KDB) expects 1978 net income to rise to between \$70m. and \$80m., from \$62.7m. in 1977. Kim Woon Gie, the bank's governor, said on the occasion of the formal opening of the bank's representative office here.

Mr. Kim said that the bank's growth would reflect the continued expansion of the South Korean economy, which he said would show real growth of at least 10 per cent during 1978.

The bank, which acts as a channel for funding major projects and corporations in South Korea, has no immediate plans to borrow large amounts of money from foreign commercial banks, he said. Instead, Korea Development Bank is trying to borrow \$110m. from the World Bank and \$50m. from the Asian Development Bank (ADB). In addition, he said, the bank recently borrowed ¥10bn. from Japanese lenders, and that it expects the Bank of Korea, South Korea's central bank, to deposit another \$100m. in the KDB.

As of December 31, KDB's external debts included \$190m. in syndicated loans from foreign banks, \$163.8m. in bonds, and \$339.1m. in credits from multilateral agencies, such as the World Bank and ADB.

CLAL Inds.
growth seen

By L. Daniel

CLAL INDUSTRIES — a conglomerate of 32 plants, subsidiaries of or owned by CLAL Investment Company — expects its sales this year to rise by 57 per cent, to the equivalent of £116m., with most of the expansion foreseen in the fields of metals and foodstuffs, while output of its textile plants is seen as unchanged.

Earnings, (before tax, and rights of minority shareholders) are seen as rising to £11.6m., which would constitute an increase of 40 per cent on 1977.

The level of earnings and the mobilisation of capital have resulted in substantial investments in equipment and research (particularly in the fields of electronics and solar energy). It will also enable CLAL Industries to acquire new enterprises, including Government-owned ones which the Finance Ministry may decide to offer for sale.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Preference Shares.

George Whitehouse
(Engineering) Limited

(Incorporated under the Companies Acts 1948 to 1967)

ISSUE OF 296,752 11 PER CENT. (NET)
CUMULATIVE PREFERENCE SHARES
OF £1 EACH

The Council of The Stock Exchange has granted a listing for the above-mentioned Preference Shares. Particulars of the rights attaching to them are available in the Extel Statistical Service and copies of the Statistical Card may be obtained during usual business hours on any weekday (Saturdays and Bank Holidays excepted) up to and including 24th February, 1978 from:

Le Mare Martin & Co.,
Regina House,
5 Queen Street,
London EC4N 1SU

27th January, 1978

The Bank of Tokyo, Ltd.

Negotiable Floating Rate U.S. Dollar
Certificates of Deposit
Series A Maturity date
30 July 1980



In accordance with the provisions of the Certificate of Deposit notice is hereby given that for the six month interest period from 27 January 1978 to 27 July 1978 the Certificate will carry an interest rate of 7 1/4% per annum.

Agent Bank
The Chase Manhattan Bank, N.A.,
London

Anglo American Gold
Investment Company Limited

(Incorporated in the Republic of South Africa)

FINAL DIVIDEND

Final dividend No. 60 of 85 cents a share (1978: 90 cents) for the year ended December 31 1977 has been declared payable to shareholders registered in the books of the company at the close of business on February 20 1978 and to persons presenting coupon No. 60 marked "South Africa" detached from share warrants to bearer.

The transfer registers and registers of members will be closed from February 11 to February 24 1978, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about March 16 1978. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on March 7 1978 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before February 10 1978.

Holders of share warrants to bearer are notified that the dividend is payable on or after March 17 1978 upon presentation of coupon No. 60 (marked "South Africa") inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about March 16 1978. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on March 7 1978 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before February 10 1978.

Subject to final audit, the abridged consolidated income statement of Anglo American Gold Investment Company Limited and its subsidiary companies for the year ended December 31 1977 and the abridged consolidated balance sheet at that date, are as follows:

CONSOLIDATED INCOME STATEMENT		1977	1976
	R000's	R000's	R000's
Investment income	45 189	46 830	—
Interest earned	337	1 758	—
Surplus on realisation of investments	1 790	—	—
Underwriting commission	347	—	—
	47 663	48 588	—
Deduct:			
Administration expenses	1 016	1 256	—
Interest paid	1 689	372	—
Prospecting and mineral rights expenses	1 625	1 767	—
Provision against loans and investments (see note)	1 725	—	—
	6 055	3 395	—
Group profit before taxation	41 608	45 400	—
South African normal taxation	101	24	—
Profit after taxation	41 507	45 386	—
Appropriations:			
Dividends			
No. 59—(interim) of 50 cents per share	17 562	19 757	—
No. 60—(final) of 85 cents per share	18 559	19 757	—
	36 221	39 514	—
Transfer to general reserve	5 000	5 500	—
	41 221	45 014	—
Unappropriated profit from previous year	286	352	—
	3 793	3 441	—
Unappropriated profit, December 31, 1977	4 079	3 793	—
Note: Provision has been made against loans to, and investments in, the group's interests in Australia.			

CONSOLIDATED BALANCE SHEET		1977	1976
	R000's	R000's	R000's
Issued share capital	21 952	21 952	—
Non-distributable reserves	29 630	29 630	—
	51 582	51 582	—
Distributable reserves			
General reserve	113 000	108 000	—
Unappropriated profit	4 079	3 793	—
	117 079	111 793	—
Represented by:			
Listed investments—market value R760 511 000 (1976: R612 539 000)	184 731	147 581	—
Unlisted investments—directors' valuation R3 289 000 (1976: R4 435 000)	340	240	—
Loans	4 955	12 836	—
	190 026	160 757	—
Current assets			
Debtors	14 586	11 798	—
Cash on fixed deposit and at call	58	16 270	—
	14 644	28 068	—
Current liabilities			
Shareholders for dividend No.	18 659	19 757	—
Short-term loan	17 015	5 431	—
Creditors	335	262	—
	36 009	25 450	—
Net current liabilities (1976: Assets)	21 365	2 618	—
	168 661	163 375	—
Equity earnings per share—cents	189.1	206.7	—
Dividends per share—cents	165	180	—
Net asset value—cents per share*	3 145	2 882	—
* Includes listed investments at market value and unlisted investments at directors' valuation.			

By Order of the Board,
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA
per H. J. E. Stanley
Companies Secretary

Head Office:
44 Main Street,
Johannesburg 2001
January 27 1978

The Property Market

JOHN BRENNAN

Trafalgar's '4 to 6%' teaser

Trafalgar House's annual general meeting in London yesterday provided property analysts with plenty of imaginative hints, a few solid facts. A positive picture of the company's performance in 1977 was given by the chairman, Mr. Peter Shore, who said that the company's performance was "very good" and that the company's share price had risen by 4 to 6 per cent. The company's performance was also praised by the directors, who said that the company's performance was "very good" and that the company's share price had risen by 4 to 6 per cent. The company's performance was also praised by the directors, who said that the company's performance was "very good" and that the company's share price had risen by 4 to 6 per cent.



Haslemere Estates' refurbishment project for The Equitable Life Assurance Society in Theobald's Road, W.C.1, is now three-quarters let. Walker Son & Packman and Savills, joint sole agents, had been asking around £7 a sq. foot for the 21,000 sq. foot Georgian row facing Gray's Inn. In the event, three of the four office conversions have been now let for just under £6.50 a sq. foot and discussions are in progress over the remaining space. 8,095 sq. foot of offices in number 12-14 offered at £50,000 a year. Reddie and Grosse, the patent agents,

advised by Farebrother and Ellis, took up their 6,675 sq. foot offices in 16-18 last year. Now Chestertons have completed arrangements for the underwriting agents Hinton, Hill and Coles (Agencies) to move into the 2,254 sq. foot at No. 20. It is understood that No. 22, the house where Benjamin Disraeli was born in 1804, has been taken as the London office of the U.S. group C.T.I. Dominion Title Insurance Company. All the space has gone close to the revised asking rents of £6.50 a sq. foot on standard 25-year leases with five-year reviews.

image. "In most cases," he said, "the Government has opted for the newest, most prestigious addresses in the city centres, acting as the property speculator's friend and, being such a big buyer, helping to increase rents."

More constructively, and even more certainly losing Scotland's Liberals their property vote. Mr. Bruce's criticisms resulted in a letter from Peter Shore, the Environment Secretary. This shows that Abbotstone at the beginning of 1977 would have been worth £1.515 by the year-end, a 51.3 per cent rise. None of the 28 property funds covered in the report matched the 51.3 per cent rise in the FT property share index over the year. But in other farm funds, Mutual Agricultural Property Fund, came second in the league table with a 38.5 per cent increase in value, boosting a £1,000 stake to £1,385.

The PSA has a total of 6.7m. sq. ft. of offices throughout Scotland and pays just £7m. a year for the space. There are clearly some relieved developers, and some very cheery portfolio managers in Scotland looking forward to hefty Government reversions in the 1980's.

BIBA is alive and well and moving to Conduit Street, W.1. The fashion and cosmetics business that grew to fill British Land's Derry and Toms store in Kensington High Street, and which subsequently toppled into the arms of the receiver, has been picked up, dusted off and given a new home.

A Liechtenstein registered nominee company, believed to provide a publicity shield for an Iranian controlled cosmetics group, bought Biba's international trade name and good-will last July. The resurrected Biba, chaired by London lawyer Jeffrey Isaacs and directed by former Yardley and Helena Rubenstein executive David Moxey, has now acquired a headquarters building. Levers, acting for unnamed clients, have sold Biba a 2,000 year lease on the 7,000 square foot showroom and offices of 22 Conduit Street.

Property Deals appears on Page 28

EPIC bails out of Brussels

Shareholders of Estates Property Investment Company were able to breathe a sigh of relief on Wednesday. After nearly 18 months delay the EEC finally agreed to lease virtually all of the company's 1976 agreement to sell Trafalgar's share of the 20 per cent of the site to a financial consortium led by Belgium contractors Ed. Francois et Cie, and Deleens. EPIC now has to hammer out a price for the site and bring to an end its one, embarrassing expensive venture on to the Continent.

Brussels cost EPIC two successive dividend cuts and added £108,000 to its net interest costs in 1977. £260,000 in 1978 and £303,000 last year. The site is not separately identified among the group's £2.2m. of development properties, nor was a separate Brussels element identified in a £1m. provision against these properties in 1976. What over the eventual sale price, EPIC will be able to partially offset book losses by drawing back some of the £703,000 unrealised exchange losses charged since 1975. Finance for the site was in the form of Belgian franc borrowings in Britain, and although the exchange rate at the time of the purchase was around BFrs98 to the pound, subsequent provisions take no account of the recent revival of sterling and the franc's decline. Price negotiations have not started, but EPIC hopes to have the site without having to make further balance sheet provisions. In anticipation of a dividend boost once Belgian interests costs are stemmed the shares gained 9p on the news, closing at 86p yesterday.

In Brief...

MALCOLM BRUCE, deputy chairman of the Scottish Liberal Party had some acid comments to make about the Department of the Environment's "scandalously extravagant" behaviour this week. Having sniped at "the massive and largely unreported growth in state bureaucracy in Scotland" Mr. Bruce saved his big guns for a broadside at the Property Services Agency's "developers' friend"

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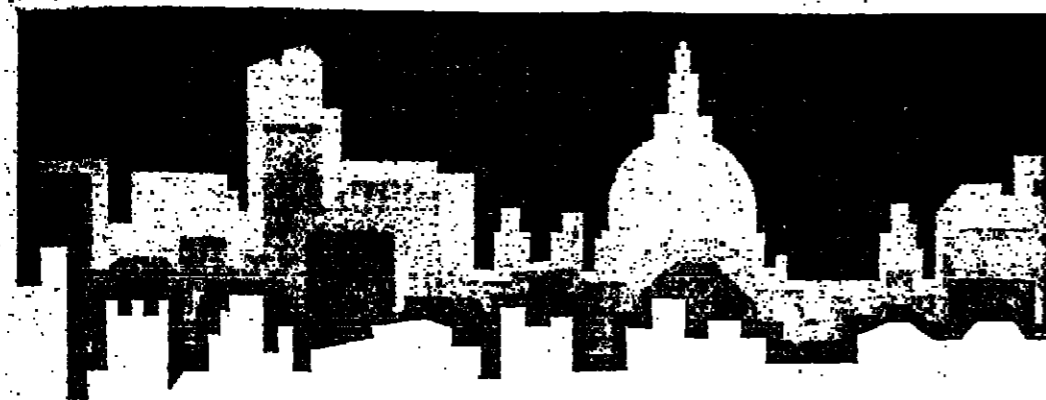
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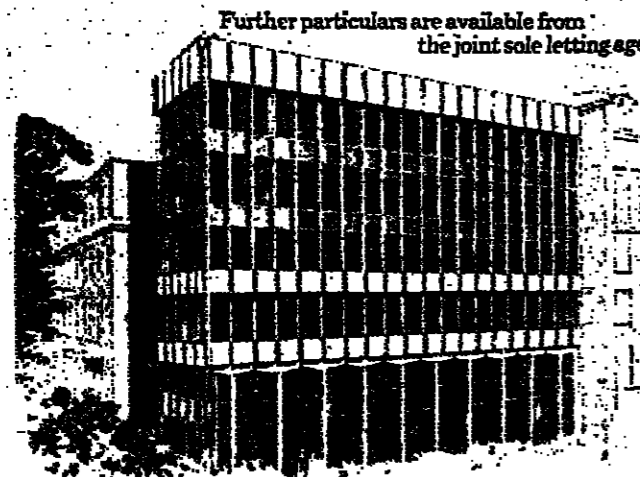
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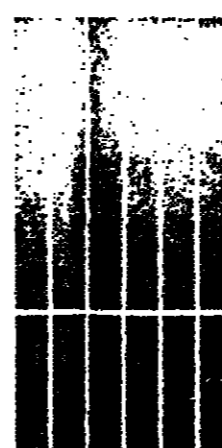
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PROPERTY DEALS

Fetter Lane
overspill

LUMMUS, the U.S. combustion engineering group that recently took the whole 85,000 square foot office block at 100, Fetter Lane, EC4, is already spilling over the road. Underlining the shortage of big office units now available in the City of London, the group has now signed to take a sub-lease from Navcot on a 25,000 square foot of air-conditioned space across from its new headquarters.

Debenham Tewson and Chinnocks, acting for Lummus on the 100, Fetter Lane deal, negotiated a concessionary rent starting at around £8.25 a square foot and rising to £8 before the first full rent review in 1983. Richard Saunders and Partners, acting for Navcot, are taking a 1,650 square foot sub-lease in the Commercial Bank Company of Sydney's building for around £10 a square foot. St. Quinton Son and Stanley acted for the bank.

The agents can well afford their new space having sold the freehold of their old 3,100 square foot office to New Court Property Fund, an arm of the Rothschild Property Unit Trust for Pension Funds and Charities, for around £700,000. As yet unnamed overseas bank represented by Vigers, is to move into the old office. Rothschild was represented by de Morgan.

THEATREGOERS in London will be asked to scramble over the extra office space for rather less than the £7.50 a square foot asking rent. That matches the "just under" £7.50 a square foot agreed by the Post Office when it recently took a 37,250 square foot sub-lease in Unitover's neighbouring Linas House, Chesterton, advised Navcot on its sub-letting.

TOWN AND CITY Properties and its funding partner Legal and General Assurance, were formally reinstated as developers of the 25,000 sq. ft. Eastbourne Centre development this week.

T and C had been working for years on a two-stage development plan of a 10-acre site in the town before Eastbourne Council dropped the idea in favour of a single stage project. Last autumn the council called in John Laine, and the contractor, backed by the shell pension fund, considered the Council's idea. Earlier this month Laine announced that it was impractical to do the work in one go.

With a March 14 deadline on its compulsory purchase powers for the site, turned back to T and C. T and C's initial plans involved 325,000 square feet shopping centre in the first stage, followed by another 140,000 square feet covered area once the initial building is operating successfully.

Key to the success of the scheme is the continued support of the traditional "anchor" stores. The one up planned before Eastbourne's temporary brainstrom takes a strong team. Littlewoods, Marks and Spencer, Woolco, British Home Stores, Boots and the Co-op.

SLIP of the typewriter in today's paper transported the future home of the Syrian Embassy from S. Belgrave square, to Berkeley Square. The Syrians lose their nightingales.

But the near \$500,000 sale by Jones Lang Wootton of the Institute of Directors' 65-year leasehold in the 10,000 square foot building helps to pay for the Directors' new HQ in the former United Services Club.

RICHARD SAUNDERS and Partners become one of their own City Floorspace statistics this week-end when they move offices and postal districts, from 43-45, Eastcheap, EC3, to 27-32, Old Jewry, EC2. Saunders are taking a 1,650 square foot sub-lease in the Commercial Bank Company of Sydney's building for around £10 a square foot. St. Quinton Son and Stanley acted for the bank.

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FARMING AND RAW MATERIALS

Wholesale
bacon prices
reduced

By Our Commodities Staff

WHOLESALE BACON prices have been reduced by British, Irish and Ulster suppliers, but it is unlikely that the lower prices will be reflected in the shops next week.

P.M.C. Britain's biggest curer, has reduced its first-hand price to £1,003 a tonne from £1,050. The new Irish and Ulster prices are also £1,003 after reductions of £15 and £25 respectively.

F.M.C. said its lower price reflected an "oversupply situation" with the Dutch and the Danes increasing supplies despite the usual post-Christmas demand recession.

The company said the increased supplies had been attracted by the prospect of a cut in the "green" rate.

Discounts have trimmed the price of U.K. supplies to £980 recently, a leading bacon merchant said yesterday, and continued discounts are expected to bring effective first-hand levels down to around £930 a tonne.

If any retail price cuts result they will probably be concentrated on middle and gammon cuts, he added.

Aluminium
surplus
forecast

CONSUMPTION of primary aluminium in the West rose by 41 per cent. last year to 11.4m. tonnes, says the latest issue of Aluminium Trends.

Aluminium Trends estimates that production of primary aluminium rose by 10.9 per cent. to 11.35m. tonnes.

After allowing for a net import from the eastern bloc of 100,000 tonnes, there was an apparent surplus of 50,000 tonnes.

Smelter capacity is forecast to rise by 23 per cent. from 1978-1980 to 14.6m. tonnes, while it is predicted that consumption of primary aluminium will be affected adversely by the world economy growing slowly with a possible fall in activity next year.

The magazine says that primary aluminium consumption in the West should rise by nearly 41 per cent. this year, fall by 41 per cent. next and rise by 101 per cent. to 12.8m. tonnes in 1980.

There will be a surplus capacity worldwide. Capacity utilisation will have to be reduced to about 81 per cent. next year and 83 per cent. in 1980 to prevent a further build up of stocks.

U.K. holds firm on 'green pound' devaluation

By Christopher Parkes

THE WAR OF NERVES over Britain's request for a 71 per cent. devaluation of the "green pound" was unresolved last night.

And Mr. John Silkin, Minister of Agriculture, had still not decided whether he would carry through his threat to boycott a key meeting of Common Market Fisheries Ministers in Berlin today.

He was leaving the next morning to the West German, Belgian and Dutch Governments, which were responsible for the impasse.

Officials could not rule out a last-minute dash to Berlin. But since two hours of talks yesterday between the German and British junior foreign ministers had failed to find a compromise, the possibility of such dramatics appeared remote.

In a statement to the Commons yesterday afternoon, Mr. Silkin said he had made it plain to the Ministers at their meeting in Brussels on Tuesday that until the devaluation of the British "green pound" was finally

approved he "should not feel able to take part in the discussion of other issues."

Herr von Dühnany, West Germany's deputy Foreign Minister told Mr. Frank Judd, his U.K. counterpart yesterday that Bonn would not be in a position to lift its veto on the devaluation until January 29.

Mr. Silkin took this to mean that the embargo would be lifted then. Such a move would permit the planned devaluation to be successful in time for the February 1 deadline.

"For my part, I intend to attend the fisheries council on January 30," he told the Commons.

He told a Commons scrutiny committee on Wednesday that if his last deadline was not met he would scrap the devaluation plan.

Sir Henry Plumb, who yesterday elected president of the National Farmers' Union for the ninth successive term, said of the wrangle: "I am fairly confident that this devaluation will go through."

"I cannot believe that the Commission will allow a precedent for a country to be denied the right to devalue its currency, nor that any country in the Community would have the nerve to attempt to veto such a devaluation."

Margaret van Haltem added from Berlin: Mr. Finn Gundlach, EEC Agriculture Commissioner last night delivered an indirect, but unmistakable attack on the British bid to devalue the "green pound."

At the opening of the Grunewald agricultural show, he said: "I should like to stress that my position is that we must negotiate all important aspects relating to farm prices and other essential topics in the community context—that means at the annual price review."

"I have always stressed that the elimination of green currencies can succeed only if we allow a proper transitional period. Otherwise the consequences of such a move would conflict with the requirements of our price policy," he added.

Coffee 'squeeze' fears fade

By Richard Mooney

COFFEE PRICES fell sharply on the London futures market yesterday as supply "squeeze" fears which had boosted values on Wednesday ended.

January coffee declined by £133 at £2,023 a tonne in the absence of significant buying interest and other nearby positions responded in sympathy.

The March position ended £13.5 lower at £1,758 a tonne after rising to £1,820 a tonne at one stage.

Wednesday's rise had been encouraged by reported buying of January coffee on behalf of a leading Central American producer. The producer has already bought significant quantities of January delivery coffee and has let it be known that it plans to accept delivery.

No buying from this source was in evidence yesterday, however, and Wednesday's "panic" reaction tended to recede.

London dealers said that tendering of coffee against the

January position could increase over the few remaining days in the position so alleviating the apparent tightness.

In New York, meanwhile, traders said some exporters in producing countries have followed the market down over the last week by offering coffee at lower levels while others continue to hold out for higher prices.

But they said that exporters who have shown signs of lowering prices, have not been keen sellers and in some cases have not followed the market all the way down.

Sales of Mexican coffee have been reported at under \$2 a pound, while Honduras offers have been made at around March contract levels and Guatemala at \$2.02.

The traders noted, however, that no offers at present market levels have been reported from El Salvador. Other producers said to be offering coffee include the Dominican Republic and Peru.

At talks in London International Coffee Organization delegates said today that some coffee producers are using a buffer stock to intervene directly on world coffee markets, raised a number of technical considerations yesterday.

Cyprus-EEC pact hopes

By David Buchan

THE EEC is reported to have taken a "conciliatory line" at resumed negotiations on agricultural imports from Cyprus.

Community officials said talks on agricultural clause within the island's 1972 EEC association agreement had "clarified" Cyprus' grievances over the Community's offer, which President Kyprianou last year described as "unacceptable."

The problem arose when Cyprus special access to the British market ended.

It exports over 80 per cent. of its agricultural products to the

to the EEC. That lapsed at the end of last year.

On Thursday, the Cypriots are reported to have been told that the British market at a minimum reference price.

They fear that will squeeze their sherry out of the lower end of the wine market.

On potato, fruit and vegetable exports the issue is the timing of tariff reductions, which the Commission wants to set when there are shortages inside the Community market.

EEC officials recognize that the island's political problems have not made it easy

Fresh fall
in metal
markets

By Our Commodities Editor

Copper prices sank to two-year lows on the London Metal Exchange yesterday following another bout of speculative selling. Cash wire-bars closed £12.25 down at £225.25 a tonne.

The resumed fall, after a relatively steady day on Wednesday, was triggered off by the weaker tone in the New York market overnight that brought more selling by speculators.

It is thought likely that other U.S. producers will follow the recent move by Kennecott to cut its domestic U.S. price by 1.50 to 61.50 cents a lb.

Standard metal trade buying in the copper market was also affected by the trend in other base metals, notably lead and tin, which suffered further heavy losses on renewed selling pressure.

Standard grade cash tin closed £85 a tonne, cutting its premium over the three months quotation which lost £50 to £5.95. The market shrugged off a rise in Penang overnight in the context of trade and speculative selling.

Cash lead lost £10 to £306.5 a tonne, wiping out the gain of £5 the previous day.

Renewed speculative selling was responsible for the decline in some trade buying at the lower level and reports of Eastern European inquiry.

Experts from members of Intergovernmental Council of Copper-Exporting Countries (CIEC) held a two-day meeting in Paris yesterday to define a common stand for the Third United preparatory meeting on copper to be held in Geneva next week.

Plans to create a buffer stock of 1m. tonnes, and Chile's refusal to cut production are also to be discussed.

In London, the report that Zambian copper production fell sharply last year to an estimated 650,000 tonnes—its lowest level for over a decade—compared with over 711,000 tonnes in 1976.

U.S. options
market plan

WASHINGTON, Jan. 26

THE Commodities Futures Trading Commission has approved preliminary regulations which will allow trading of commodity options on regulated markets.

Mr. William Bagley, commission chairman, said he expects the final regulations ready in three to four weeks. Reuter

U.S. to attend new
cocoa pact forum

By Our Commodities Editor

A NEW advisory group on the world cocoa economy, which offers the U.S. a "back door" membership of the International Cocoa Agreement, will hold its inaugural meeting in Bern, from January 31 to February 2.

Mr. U. K. Hackman, executive director of the International Cocoa Organisation, said yesterday the advisory group would give an opportunity for a free exchange of views between experts from producers and consumer countries, free of political complications that often inhibited delegates at the Agreement meetings. For example, advisors to official delegations will be allowed to speak freely.

Mr. Hackman said it was important that the U.S., as the world's biggest consumer, should not be excluded from discussion on the future of the cocoa economy and should have an opportunity to state its view rather than being left out in the cold.

He conceded that the group might play a preparatory role in the negotiations for the new Agreement to replace the present pact which expires in September next year.

The items on the agenda at the Bern meeting would include a review of the recent developments in the market, supply and demand, substitutes and the possible coordination of technical research, he added.

Mr. Hackman, commenting on the recent market price decline, said that the "bear raid" which had started last month must end soon.

He stuck by the forecast of

the international Cocoa Organisation this month that output during the 1977/78 season would exceed consumption by only 39,000 tonnes, despite higher surpluses being predicted by other sources.

The Economist Intelligence Unit in its world commodity outlook review out yesterday forecast a substantial world oversupply of cocoa of up to 100,000 tonnes.

In London yesterday cocoa prices fell to a 16-month low on the futures market. The May position closed £125.50 down at £147.7 a tonne.

The March position remains at a substantial premium, but the nearby supply position is generally easier and this has been a major influence in bringing London values down.

Farmland investment outlined

By Eric Short

INSURANCE companies held 270,000 acres of agricultural land in their investment portfolios at the end of last year, which was 0.6 per cent. of the total of some 44m. acres.

Over the past 10 years that proportion had grown from 0.2 per cent. and insurance companies had made net acquisitions of nearly 187,000 acres.

The growth was broadly in line with the rise in funds available for investment, the British Insurance Association said in evidence to the Northfield Committee.

The association said that there was considerable misunderstanding over the extent of ownership of agricultural land by financial institutions. It had over 300

members, but only 20 companies had investments in agricultural land.

Nearly 200,000 acres was held by life companies, nearly three-quarters of the holdings. Other insurance funds, such as general funds and staff pension funds, held very little.

Each company makes its own investment decisions and it would be misleading to generalise on reasons for investment, the association said.

But it is clear that the companies that have bought land have done so because they regarded it as sound investment. Most companies hold office shops, factories, warehouses and residential and agricultural land would be a logical extension.

It was thought unlikely that such holdings would represent a typical portfolio. The association fails to point out that there are a few life companies offering agricultural bond investment, where the underlying fund is mainly holdings in agricultural land.

It rejects the suggestion that institutional holdings are concentrated on arable land in eastern counties. It shows that holdings are spread throughout 35 counties of England and Wales and 10 counties in Scotland with about half the acreage being arable. About 225,000 acres were let to tenants and 45,000 farmed either in hand or in partnership.

Egg farmers warned of glut threat

By Our Commodities Staff

THE BRITISH Egg Association has warned poultry farmers that they must either stop expanding their laying flocks so rapidly or face gluts of eggs and falling prices in the next year or so.

The association says egg producers have been buying 6 per cent. more chicks than normal for the past three months.

Similar expansion in the EEC is expected to aggravate any problems in Britain, since other Common Market countries will be looking for export markets for their surpluses.

In the recent past the Community has relieved pressure caused by over-production by exporting to non-EEC countries. But now the U.S. has stepped in and taken over many of those outlets.

The association says these factors combined "indicate that unless caution is exercised in future (chick) placements, 1978-79 could be an extremely difficult period for the industry."

British egg output rose 2 per cent. last year. Dutch farmers

produced 10 per cent. more eggs. But production fell in France, Belgium and Denmark.

However, the number of egg-laying chicks hatched in the EEC as a whole rose about 3.5 per cent. last year. The rise in Britain was 4 per cent. overall, while in Holland hatchings jumped almost 18 per cent.

Iran is the EEC's biggest customer for eggs at the moment, but most supply contracts for traditional buyers are smaller than last season.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Wheat on the London Metal Exchange remained depressed. After falling from £67 to £63 1/2, the price of forward metal finished. Charted selling predominated.

COPPER	Unit	Price	Unit	Price
Wirebars	622.5-627.5	622.5	1220	1220
3 months	625.5-630.5	625.5	1220	1220
6 months	628.5-633.5	628.5	1220	1220
9 months	631.5-636.5	631.5	1220	1220
12 months	634.5-639.5	634.5	1220	1220
15 months	637.5-642.5	637.5	1220	1220
18 months	640.5-645.5	640.5	1220	1220
21 months	643.5-648.5	643.5	1220	1220
24 months	646.5-651.5	646.5	1220	1220
27 months	649.5-654.5	649.5	1220	1220
30 months	652.5-657.5	652.5	1220	1220
33 months	655.5-660.5	655.5	1220	1220
36 months	658.5-663.5	658.5	1220	1220
39 months	661.5-666.5	661.5	1220	1220
42 months	664.5-669.5	664.5	1220	1220
45 months	667.5-672.5	667.5	1220	1220
48 months	670.5-675.5	670.5	1220	1220
51 months	673.5-678.5	673.5	1220	1220
54 months	676.5-681.5	676.5	1220	1220
57 months	679.5-684.5	679.5	1220	1220
60 months	682.5-687.5	682.5	1220	1220
63 months	685.5-690.5	685.5	1220	1220
66 months	688.5-693.5	688.5	1220	1220
69 months	691.5-696.5	691.5	1220	1220
72 months	694.5-699.5	694.5	1220	1220
75 months	697.5-702.5	697.5	1220	1220
78 months	700.5-705.5	700.5	1220	1220
81 months	703.5-708.5	703.5	1220	1220
84 months	706.5-711.5	706.5	1220	1220
87 months	709.5-714.5	709.5	1220	1220
90 months	712.5-717.5	712.5	1220	1220
93 months	715.5-720.5	715.5	1220	1220
96 months	718.5-723.5	718.5	1220	1220
99 months	721.5-726.5	721.5	1220	1220
102 months	724.5-729.5	724.5	1220	1220
105 months	727.5-732.5	727.5	1220	1220
108 months	730.5-735.5	730.5	1220	1220
111 months	733.5-738.5	733.5	1220	1220
114 months	736.5-741.5	736.5	1220	1220
117 months	739.5-744.5	739.5	1220	1220
120 months	742.5-747.5	742.5	1220	1220
123 months	745.5-750.5	745.5	1220	1220
126 months	748.5-753.5	748.5	1220	1220
129 months	751.5-756.5	751.5	1220	1220
132 months	754.5-759.5	754.5	1220	1220
135 months	757.5-762.5	757.5	1220	1220
138 months	760.5-765.5	760.5	1220	1220
141 months	763.5-768.5	763.5	1220	1220
144 months	766.5-771.5	766.5	1220	1220
147 months	769.5-774.5	769.5	1220	1220
150 months	772.5-777.5	772.5	1220	1220
153 months	775.5-780.5	775.5	1220	1220
156 months	778.5-783.5	778.5	1220	1220
159 months	781.5-786.5	781.5	1220	1220
162 months	784.5-789.5	784.5	1220	1220
165 months	787.5-792.5	787.5	1220	1220
168 months	790.5-795.5	790.5	1220	1220
171 months	793.5-798.5	793.5	1220	1220
174 months	796.5-801.5	796.5	1220	1220
177 months	799.5-804.5	799.5	1220	1220
180 months	802.5-807.5	802.5	1220	1220
183 months	805.5-810.5	805.5	1220	1220
186 months	808.5-813.5	808.5	1220	1220
189 months	811.5-816.5	811.5	1220	1220
192 months	814.5-819.5	814.5	1220	1220
195 months	817.5-822.5	817.5	1220	1220
198 months	820.5-825.5	820.5	1220	1220
201 months	823.5-828.5	823.5	1220	1220
204 months	826.5-831.5	826.5	1220	1220
207 months	829.5-834.5	829.5	1220	1220
210 months	832.5-837.5	832.5	1220	1220
213 months	835.5-840.5	835.5	1220	1220
216 months	838.5-843.5	838.5	1220	1220
219 months	841.5-846.5	841.5	1220	1220
222 months	844.5-849.5	844.5	1220	1220
225 months	847.5-852.5	847.5	1220	1220
228 months	850.5-855.5	850.5	1220	1220
231 months	853.5-858.5	853.5	1220	1220
234 months	856.5-861.5	856.5	1220	1220
237 months	859.5-864.5	859.5	1220	1220
240 months	862.5-867.5	862.5	1220	1220
243 months	865.5-870.5	865.5	1220	1220
246 months	868.5-873.5	868.5	1220	1220
249 months	871.5-876.5	871.5	1220	1220
252 months	874.5-879.5	874.5	1220	1220
255 months	877.5-882.5	877.5	1220	1220
258 months	880.5-885.5	880.5	1220	1220
261 months	883.5-888.5	883.5	1220	1220

British Funds turn flat on offerings in unwilling market

Share index falls 7.4 to 475.8—Banks weak—S.A. Golds react

the trading statement which accompanied disappointing interim profit figures. Pride and Clark, currently in receipt of a bid from Inchcape, dropped 11 to 323p to match the latter's cash terms.

moved into the spotlight late in Trusts, rising 80 to 64¢ on the bid approach from Scottish Eastern Investment Trust. Higher interim earnings lifted Hume Holdings A 3 to 75¢.

Shipings had an easier bias, although Lofs moved up 1½ to 39¢ against the trend.

R. Smallshaw (Knitwear), 3 better at 23½ on the increased earnings, provided the sole noteworthy movement among Textiles.

South African Industrials had easier features in Primrose, 4 off at 35¢, and Gold Fields Properties,

Falls in Golds

A combination of the fall in both the currency price and investment-bullion price premium led to a sharp drop in South African mining issues. Prices were further weakened by the decline in the securities rand following a report by a U.S. Senate committee stating that further U.S. investment in South Africa "should be discouraged."

Gold prices edged substantially lower reflecting the steep fall in the premium late on Wednesday, and lost further throughout

the day as the bullion price fell away prior to closing \$2 down at \$173.35 per ounce.

Losses among heavyweights Goldfields ranged to \$14 as Randfontein, \$33; while West Driefontein relinquished a point at \$18. Lower priced issues showed Libanion \$4 off at 494p and Kloof a similar amount cheaper at \$74p.

In marginals East Rand Proprietary dropped \$3 to \$59p and Libanion Deep was \$2 down at \$32p. The Gold Mines Index consequently lost rather more than the previous two days' gains, falling 8.3 at 152.7.

The day as the bullion price fell away prior to closing 32¢ down at 4744.

Losse, among, heavyweight Golds ranged to 211 as in Randfontein, 2331, while West Driefontein, 2383, showed a point 215.

Libanon 24 off at 4949 and Kleefer a similar amount closer at 4747.

Paraguanis East Rand Pre-proprietary dropped 30 to 3969 and Durban Deep were 22 down at 3232p. The Gold Mines index consequently lost rather more than the previous two days' gains, falling 83 at 1527.

Financials fared equally badly. Anglo American Corporation dropped 37 to 2619 and De Beers 11 to 2639 and Union Corp 25 and 25p respectively.

Platinums drifted in quiet trading following the recent recovery of beetles prices. Randfontein went up 4 to 92p and Bishopsgate the same to 82p.

Tins lost ground across a broad front following the fresh weakening of the metal prices and tin prices were down 10p each to 450p. Malaysian Tin, 258p, and Southeastern Malaysian, 245p, were all

the day as the bullion price fell away prior to the closing \$2 down at \$175.675 per ounce.

Losser, among heavyweight Golds ranged to 211 as in Randfontein, 238.3, while West Driefontein, 233.4, showed a point to 215.

Lower priced issues showed Libanon 24 off at 494p and Kleeof a similar amount cheaper at 474p.

In marginal East Rand Pre-primaries dropped 3p to 386p and Durban Deep were 22 down at 323p. The Gold Mines index consequently lost two rather more than the previous two days' gains, falling 8.8 at 152.7.

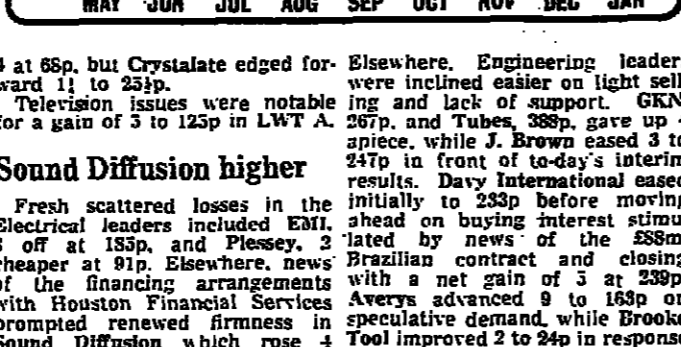
Financials fared equally badly. Anglo American Corporation dropped 7p to 266p and De Beers and Union Corporation were both 11 easier at 291p and 283p respectively.

Platinum drifted in quiet trading following the recent recovery of hectic activity. Rustenburg gave up 4 to 92p and Bishopsgate the same to 82p.

Tins lost ground across a broad front following the fresh weakness of the metal price and investment premium. General 1450p, Malaysian Tin, 285p, and Southeastern Malaysian, 245p, were all around 10 lower. Coppers were featured by Messina, which fell 6 to 90p following the passing of the interim dividend.

FT-ASIA

These indices are the joint



at 1:32p and the A finished S off at 1:22p as did Debenham's at 10:2p. Elsewhere, Henderson-Kenton, a Penny Express, at 7:9p, remained

1. & Newall easier

Miscellaneous industrial leaders were around the day's lowest after a quiet session. Turner and

PROVINCE OF MANITOBA

9% 1970/1982
UA 12,000,000 LOAN

Bonds for the amount of UA 355,995 have been drawn on January 12, 1978 in the presence of a Notary Public for redemption on March 15, 1978.

ACTIVE

	Stock	Denomina- tion	No. of marks
ICI		£1	11
Barclays Bank		£1	10
VarWest		£1	10
Rank Grz.		25p	10

Closing on day (p)	Change on day	1977-78 high	1977-78 low
345	-3	445	325
320	-25	350	295
368	-32	300	205
260	—	276	128

around 10 lower. Coppers were featured by Messina, which fell 6 to 90p following the passing of the interim dividend.

FT—ACTU

These indices are the joint

*Based on 33 per cent. corporation tax. *240,000,000
 *Based on 33 per cent. corporation tax. *240,000,000
 *Based on 33 per cent. corporation tax. *240,000,000

Fasto 100 Govt. Secs. 17-18-23. Fixed Int. 1923. Int. 1923. 17-18-23. Gold
 Mines 12.9 33. SE Activity July-Dec. 1914.

HIGHS AND LOWS

	1917		Since Completion		Jan. '23	Jan. '24
	High	Low	High	Low		
Govt. Secs.	79.85	60.45	137.4	49.18		
	(33.49)	(4.1)	(41.58)	(4.154)		
Fixed Int.	81.37	30.75	150.4	50.53		
	(14.13)	(2.11)	(21.47)	(3.175)		
Ind. Ord.	144.5	85.69	549.2	49.3		
	(14.13)	(12.1)	(14.13)	(2.154)		
Gold Mines.	79.85	1.74	44.23	43.5		
	(13.14)	(1.2)	(22.57)	(3.171)		

S.E. ACTIVITY

	Jan. '23	Jan. '24
Dash	192.9	217.3
Gold-Magnet	210.4	202.3
Industries	153.3	66.1
Speculation	156.6	143.0
Gold Mining	160.6	199.8
Gold Magnet	160.6	188.8
Industries	157.8	33.2
Speculation	152.3	137.8

NEW HIGHS AND LOWS FOR 1977/78

The following securities noted in the information service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (53)	SHOCKS (3)
BEERS (1)	Hoifland Sims
BUILDINGS (4)	Turner (W. and S.)
Sharp and Fisher	TEXTILES (17)
Ward Higgs.	Tricor-tillo
CHEMICALS (2)	TRUSTS (3)
Wardle (B.)	N.V. and Gartmore
CINEMAS (1)	N.M.C. Ins.
ELECTRICALS (3)	RUBBERS (4)
Sound Diffusion	Brenall
ENGINEERING (5)	Sumpter African
Jenks and Cattell	MINES (1)
Mellott	M.K.-Kong Tin
FOODS (1)	NEW LOWS (7)
HOTELS (2)	BRITISH FUNDS (2)
Black Can	Eschnagor 1040
	Treasury
	1999 3356
	HOTELS (1)
	Borel (J.)
	SHIPPING (2)
	Reardon Smith
	Reardon Smith &
	SOUTH AFRICANS (1)
	Abercam
	TEXTILES (1)
	Calpeis Int'l

SHARE INDICES

Compilation of the Financial Times, the Institute of Actuaries
and the Faculty of Actuaries

Thurs., Jan. 26 1978

	Wed. Jan. 25	Tues. Jan. 24	Mon. Jan. 23	Fri. Jan. 20	Year- ago (approx)
Index No.	Index No.	Index No.	Index No.	Index No.	Index No.
Day's Change %	Est. Brass Yield ¹ % (0.04%) Corp. Tax ² 5%	Gross Div. Yield ¹ % (ACT at 34%)	Est. PIE Ratio (Net. Corp. Tax ² 5%)		

[illegible]

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82990 to 82994 82995 to 82

CREDIT LYONNAIS, Paris—BANQUE NATIONALE DE PARIS, Paris—SOCIETE GENERALE, Paris—BANQUE COMMERCIALE ITALIENNE, Milan—CAZARD FRERES & CIE, Paris—DRESNER BANK A.G. Frankfurt—DRESNER BANK A.G. Hamburg—SOCIETE GENERALE DE BANQUE, Brussels—BANQUE COMMERCIALE ITALIENNE, Milan—BANQUE COMMERCIALE ITALIENNE, Milan—AMSTERDAM—ROTTERDAM BANK N.V. Amsterdam.

BONDS PREVIOUSLY DRAWN AND NOT YET PRESENTED FOR REPAYMENT.

1st March 1976: 753666 to 753670

1st March 1976: 753670 to 753673 753674 753675 to 753679 753680 to 753684

1st March 1976: 753685 to 753693 753694 to 753696 753697 to 753699 753700 to 753701 753702 to 753705 753706 to 753709 753710 to 753712 753713 to 753715 753716 to 753719 753720 to 753722 753723 to 753725 753726 to 753729 753730 to 753732 753733 to 753735 753736 to 753739 753740 to 753742 753743 to 753745 753746 to 753749 753750 to 753752 753753 to 753755 753756 to 753759 753760 to 753762 753763 to 753765 753766 to 753769 753770 to 753772 753773 to 753775 753776 to 753779 753780 to 753782 753783 to 753785 753786 to 753789 753790 to 753792 753793 to 753795 753796 to 753799 753800 to 753802 753803 to 753805 753806 to 753809 753810 to 753812 753813 to 753815 753816 to 753819 753820 to 753822 753823 to 753825 753826 to 753829 753830 to 753832 753833 to 753835 753836 to 753839 753840 to 753842 753843 to 753845 753846 to 753849 753850 to 753852 753853 to 753855 753856 to 753859 753860 to 753862 753863 to 753865 753866 to 753869 753870 to 753872 753873 to 753875 753876 to 753879 753880 to 753882 753883 to 753885 753886 to 753889 753890 to 753892 753893 to 753895 753896 to 753899 753900 to 753902 753903 to 753905 753906 to 753909 753910 to 753912 753913 to 753915 753916 to 753919 753920 to 753922 753923 to 753925 753926 to 753929 753930 to 753932 753933 to 753935 753936 to 753939 753940 to 753942 753943 to 753945 753946 to 753949 753950 to 753952 753953 to 753955 753956 to 753959 753960 to 753962 753963 to 753965 753966 to 753969 753970 to 753972 753973 to 753975 753976 to 753979 753980 to 753982 753983 to 753985 753986 to 753989 753990 to 753992 753993 to 753995 753996 to 753999 754000 to 754002 754003 to 754005 754006 to 754009 754010 to 754012 754013 to 754015 754016 to 754019 754020 to 754022 754023 to 754025 754026 to 754029 754030 to 754032 754033 to 754035 754036 to 754039 754040 to 754042 754043 to 754045 754046 to 754049 754050 to 754052 754053 to 754055 754056 to 754059 754060 to 754062 754063 to 754065 754066 to 754069 754070 to 754072 754073 to 754075 754076 to 754079 754080 to 754082 754083 to 754085 754086 to 754089 754090 to 754092 754093 to 754095 754096 to 754099 754100 to 754102 754103 to 754105 754106 to 754109 754110 to 754112 754113 to 754115 754116 to 754119 754120 to 754122 754123 to 754125 754126 to 754129 754130 to 754132 754133 to 754135 754136 to 754139 754140 to 754142 754143 to 754145 754146 to 754149 754150 to 754152 754153 to 754155 754156 to 754159 754160 to 754162 754163 to 754165 754166 to 754169 754170 to 754172 754173 to 754175 754176 to 754179 754180 to 754182 754183 to 754185 754186 to 754189 754190 to 754192 754193 to 754195 754196 to 754199 754200 to 754202 754203 to 754205 754206 to 754209 754210 to 754212 754213 to 754215 754216 to 754219 754220 to 754222 754223 to 754225 754226 to 754229 754230 to 754232 754233 to 754235 754236 to 754239 754240 to 754242 754243 to 754245 754246 to 754249 754250 to 754252 754253 to 754255 754256 to 754259 754260 to 754262 754263 to 754265 754266 to 754269 754270 to 754272 754273 to 754275 754276 to 754279 754280 to 754282 754283 to 754285 754286 to 754289 754290 to 754292 754293 to 754295 754296 to 754299 754300 to 754302 754303 to 754305 754306 to 754309 754310 to 754312 754313 to 754315 754316 to 754319 754320 to 754322 754323 to 754325 754326 to 754329 754330 to 754332 754333 to 754335 754336 to 754339 754340 to 754342 754343 to 754345 754346 to 754349 754350 to 754352 754353 to 754355 754356 to 754359 754360 to 754362 754363 to 754365 754366 to 754369 754370 to 754372 754373 to 754375 754376 to 754379 754380 to 754382 754383 to 754385 754386 to 754389 754390 to 754392 754393 to 754395 754396 to 754399 754400 to 754402 754403 to 754405 754406 to 754409 754410 to 754412 754413 to 754415 754416 to 754419 754420 to 754422 754423 to 754425 754426 to 754429 754430 to 754432 754433 to 754435 754436 to 754439 754440 to 754442 754443 to 754445 754446 to 754449 754450 to 754452 754453 to 754455 754456 to 754459 754460 to 754462 754463 to 754465 754466 to 754469 754470 to 754472 754473 to 754475 754476 to 754479 754480 to 754482 754483 to 754485 754486 to 754489 754490 to 754492 754493 to 754495 754496 to 754499 754500 to 754502 754503 to 754505 754506 to 754509 754510 to 754512 754513 to 754515 754516 to 754519 754520 to 754522 754523 to 754525 754526 to 754529 754530 to 754532 754533 to 754535 754536 to 754539 754540 to 754542 7

ART GALLERIES PUBLIC NOTICES

LEGAL NOTICES

No. 003979 of 1977

In the HIGH COURT OF JUSTICE
 Chancery Division Companies Court. In
 the Matter of PORTLAND CONTRACTORS
 LIMITED and in the Matter of The
 Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a
 petition for the Winding-Up of the above-

RECENT ISSUE

EQUITY

issue
 content
 trial
 legal
 estate

12779

[illegible]

"RIGHTS"

MAURICE J. WINDMUTZ & M. THOMAS BUILDERS LIMITED has the Matter
The Companies Act, 1985
NOTICE IS HEREBY GIVEN that a petition for the winding-up of the above-named Company by the High Court was presented on the 17th day of January 1986, in pursuance of the said Company by the **COMMISSIONERS OF CUSTOMS AND EXCISE** of London at No. 41, Mark Lane, London EC3R 7HT, and that the said Petition is directed against the said Company and its officers and persons claiming to be or to have been officers of the said Company.

Issue Price	Amount paid up	Latest Company Dates	1977/8	
			High	Low
95	all	31st 24th	56pm	22pm
60	P.P.	15.12.77	25pm	25pm
60	P.P.	6.1.10.78	79	65
39	P.P.	23.1 27.2	41	38

78-41, Mark Lane,
London EGGH 7EZ.
Solicitor to the Petitioners.

NOTICE.—Any person who intends to
appear on the hearing of the said Petition
must, on or before the 10th day of April
next, deposit with the undersigned, a
notarized notice in writing of his in-
tention so to do. The notice must state
the name and address of the person,
or persons, claiming to be the owner
of the said shares, and the name and
address of the person, or persons, who
are and must be seized by the person
or persons, claiming to be the owner of
the said shares, or of their Solicitor, if
any, and must be signed by the person
or persons, claiming to be the owner of
the said shares, or by their Solicitor, if
any, and must be submitted to the
undersigned by post in sufficient time to
enable him to attend the hearing of the

30 F.P. 31 271 36 W1

Redundation date usually last day of
month based on prospectus estimate, or Assumed
date based on current market value of shares
or other official estimates for 1967 or
conversion of shares not now ranking as
equity shares, or other securities, or other
circumstances. * Placing price to public.
† Minimum subscription. ‡ Minimum
by way of capitalisation. †† Minimum
in connection with reorganisation procedure.

IES

Stock	Close 1929	+ or -
Variable 1963	100	
88	101.5	-1.5
Sheerwood 10% U.S. Lc. 1961	80	
ex. 1122 1955	60.5	-19.5
Variable 1962	88.1	
1964	89.6	
1962	89.6	
& Cheesem 1122 80-87	13	-12
Do. Variable 72	100	
1962	100	

Stock	Closing Prices p:	+ or -
Wagon Motor	26pm	
Fort Gundry	37	
Form	75	-
ty Bros	45	-

dealing free of stamp duty. b Figures
dividend and yield. c Forecast dividend
Dividend and yield based on prospectus
ass. d Figures assumed. Cover allows
e dividend or ranting only for restricted
unless otherwise indicated. f Issued
ordinary shares as a "rights." g Rights
share. h Reinforced. i Issued
or take-over. j Introduced. k Issued
if letters (or fully-paid). • Provisional

3 Contracting, Construction (28)
4 Electricals (15)
5 Engineering Contractors (13)
6 Mechanical Engineering (72)
8 Metals and Metal Forming (17)
CONSUMER GOODS
11 DUREABLES
12 I.E. Electronics, Radio TV (15)
13 Household Goods (12)
14 Motors and Distributors (26)
CONSUMER GOODS
21 NON-DUREABLES

41	OTHER GROUPS (97)	2
42	Chemicals (20)	2
43	Pharmaceutical Products (7)	2
44	Office Equipment (8)	2
45	Shipping (10)	2
46	Miscellaneous (54)	2
46	INDUSTRIAL GROUP (496)	2
51	Oils (4)	2
59	500 SHARE INDEX	2
61	FINANCIAL GROUP (196)	2
62	Banks (6)	2

British Government	Thurs. Jan.	Day's change
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15	20-yr. Red. Deb. & Loans (15)
16	Investment Trust Prefs. (15)
17	Coml. and Indl. Prefs. (20)

† Redemption yield. Highs. and lows.

17	-0.9	17.20	3.76	8.48	348.86	344.86	342.78	285.65
18	-0.6	18.72	3.90	9.78	465.32	460.32	461.79	302.44
19	-0.4	19.92	6.42	8.87	595.86	598.24	301.14	393.06
20	-0.7	21.12	6.29	8.15	765.54	766.96	187.29	167.24
21	-0.6	19.27	8.36	6.86	184.48	184.65	164.29	164.41
22	-0.3	17.58	4.86	8.30	197.68	194.64	195.36	135.27
23	-0.2	15.46	3.59	9.34	231.35	233.61	235.50	152.21
24	-0.1	17.90	6.74	7.64	174.21	175.26	178.51	178.91
25	-0.2	20.91	6.43	7.16	116.34	117.72	118.65	140.49
26	-0.6	17.58	6.29	6.29			118.65	88.20

84	0.0	16.61	5.65	6.77	104.02	192.34	194.75	104.02	84.03
81	-1.1	19.61	5.66	9.17	102.25	192.97	192.99	192.98	81.03
78	-0.5	19.80	3.89	11.88	103.62	235.57	256.17	256.59	78.03
75	-0.6	20.69	6.15	9.72	478.95	478.95	481.67	481.79	75.03
72	-0.7	25.67	6.06	9.05	203.66	204.18	209.73	205.34	72.03
69	-0.8	26.34	5.63	8.64	256.82	297.59	299.73	295.64	69.03
66	-0.7	25.57	4.38	7.81	490.87	452.06	454.76	457.53	66.03
63	-0.8	26.23	5.45	8.53	221.32	228.15	229.34	229.33	63.03
60	-2.7		5.18		177.96	126.73			60.03

[illegible]

rs.	Jan. 26	Wed. Jan. 27	Thursday Jan. 28	Matinee Jan. 29	Friday Jan. 30	Saturday Jan. 31	Wed. Jan. 1 st	Thurs. Jan. 1 st	Year's appeal
97	11.78	63.25	63.44	65.67	65.26	63.52	65.28	63.25	50.71
94	12.40	57.10	57.60	57.67	57.57	57.57	57.57	57.52	48.79
95	11.62	78.37	78.47	78.53	78.53	78.48	78.56	78.43	48.79

[illegible]

16	20-yr. Red. Deb. & Loans (15)
16	Investment Trust Prefs. (15)
17	Coml. and Indl. Prefs. (20)

† Redemption yield. Highs and lows.

	Yield	Jan. 20	Jan. 21	Jan. 22	Friday Jan. 23	Thurs. Jan. 24	Wed. Jan. 25	Tues. Jan. 26	Mon. Jan. 27
97	11.78	63.25	63.43	65.67	65.26	63.52	65.28	65.33	60.74
94	12.40	67.10	57.60	57.67	57.57	57.57	57.57	57.52	48.74
05	11.62	78.37	78.47	78.53	78.53	78.46	78.56	78.53	78.53

FINANCE, LAND—Continued[illegible]

Finance, Land, etc.									
265	158	14	14	249	26.0	4.7	12.6	2.6	522
312	127	6	33	230	—	—	—	—	523
312	127	6	33	230	—	—	—	—	524
272	127	6	33	230	—	—	—	—	525
272	127	6	33	230	—	—	—	—	526
272	127	6	33	230	—	—	—	—	527
272	127	6	33	230	—	—	—	—	528
272	127	6	33	230	—	—	—	—	529
272	127	6	33	230	—	—	—	—	530
272	127	6	33	230	—	—	—	—	531
272	127	6	33	230	—	—	—	—	532
272	127	6	33	230	—	—	—	—	533
272	127	6	33	230	—	—	—	—	534
272	127	6	33	230	—	—	—	—	535
272	127	6	33	230	—	—	—	—	536
272	127	6	33	230	—	—	—	—	537
272	127	6	33	230	—	—	—	—	538
272	127	6	33	230	—	—	—	—	539
272	127	6	33	230	—	—	—	—	540
272	127	6	33	230	—	—	—	—	541
272	127	6	33	230	—	—	—	—	542
272	127	6	33	230	—	—	—	—	543
272	127	6	33	230	—	—	—	—	544
272	127	6	33	230	—	—	—	—	545
272	127	6	33	230	—	—	—	—	546
272	127	6	33	230	—	—	—	—	547
272	127	6	33	230	—	—	—	—	548
272	127	6	33	230	—	—	—	—	549
272	127	6	33	230	—	—	—	—	550
272	127	6	33	230	—	—	—	—	551
272	127	6	33	230	—	—	—	—	552
272	127	6	33	230	—	—	—	—	553
272	127	6	33	230	—	—	—	—	554
272	127	6	33	230	—	—	—	—	555
272	127	6	33	230	—	—	—	—	556
272	127	6	33	230	—	—	—	—	557
272	127	6	33	230	—	—	—	—	558
272	127	6	33	230	—	—	—	—	559
272	127	6	33	230	—	—	—	—	560
272	127	6	33	230	—	—	—	—	561
272	127	6	33	230	—	—	—	—	562
272	127	6	33	230	—	—	—	—	563
272	127	6	33	230	—	—	—	—	564
272	127	6	33	230	—	—	—	—	565
272	127	6	33	230	—	—	—	—	566
272	127	6	33	230	—	—	—	—	567
272	127	6	33	230	—	—	—	—	568
272	127	6	33	230	—	—	—	—	569
272	127	6	33	230	—	—	—	—	570
272	127	6	33	230	—	—	—	—	571
272	127	6	33	230	—	—	—	—	572
272	127	6	33	230	—	—	—	—	573
272	127	6	33	230	—	—	—	—	574
272	127	6	33	230	—	—	—	—	575
272	127	6	33	230	—	—	—	—	576
272	127	6	33	230	—	—	—	—	577
272	127	6	33	230	—	—	—	—	578
272	127	6	33	230	—	—	—	—	579
272	127	6	33	230	—	—	—	—	580
272	127	6	33	230	—	—	—	—	581
272	127	6	33	230	—	—	—	—	582
272	127	6	33	230	—	—	—	—	583
272	127	6	33	230	—	—	—	—	584
272	127	6	33	230	—	—	—	—	585
272	127	6	33	230	—	—	—	—	586
272	127	6	33	230	—	—	—	—	587
272	127	6	33	230	—	—	—	—	588
272	127	6	33	230	—	—	—	—	589
272	127	6	33	230	—	—	—	—	590
272	127	6	33	230	—	—	—	—	591
272	127	6	33	230	—	—	—	—	592
272	127	6	33	230	—	—	—	—	593
272	127	6	33	230	—	—	—	—	594
272	127	6	33	230	—	—	—	—	595
272	127	6	33	230	—	—	—	—	596
272	127	6	33	230	—	—	—	—	597
272	127	6	33	230	—	—	—	—	598
272	127	6	33	230	—	—	—	—	599
272	127	6	33	230	—	—	—	—	600
272	127	6	33	230	—	—	—	—	601
272	127	6	33	230	—	—	—	—	602
272	127	6	33	230	—	—	—	—	603
272	127	6	33	230	—	—	—	—	604
272	127	6	33	230	—	—	—	—	605
272	127	6	33	230	—	—	—	—	606
272	127	6	33	230	—	—	—	—	607
272	127	6	33	230	—	—	—	—	608
272	127	6	33	230	—	—	—	—	609
272	127	6	33	230	—	—	—	—	610
272	127	6	33	230	—	—	—	—	611
272	127	6	33	230	—	—	—	—	612
272	127	6	33	230	—	—	—	—	613
272	127	6	33	230	—	—	—	—	614
272	127	6	33	230	—	—	—	—	615
272	127	6	33	230	—	—	—	—	616
272	127	6	33	230	—	—	—	—	617
272	127	6	33	230	—	—	—	—	618
272	127	6	33	230	—	—	—	—	619
272	127	6	33	230	—	—	—	—	620
272	127	6	33	230	—	—	—	—	621
272	127	6	33	230	—	—	—	—	622
272	127	6	33	230	—	—	—	—	623
272	127	6	33	230	—	—	—	—	624
272	127	6	33	230	—	—	—	—	625
272	127	6	33	230	—	—	—	—	626
272	127	6	33	230	—	—	—	—	627
272	127	6	33	230	—	—	—	—	628
272	127	6	33	230	—	—	—	—	629
272	127	6	33	230	—	—	—	—	630
272	127	6	33	230	—	—	—	—	631
272	127	6	33	230	—	—	—	—	632
272	127	6	33	230	—	—	—	—	633
272	127	6	33	230	—	—	—	—	634
272	127	6	33	230	—	—	—	—	635
272	127	6	33	230	—	—	—	—	636
272	127	6	33	230	—	—	—	—	637
272	127	6	33	230	—	—	—	—	638
272	127	6	33	230	—	—	—	—	639
272	127	6	33	230	—	—	—	—	640
272	127	6	33	230	—	—	—	—	641
272	127	6	33	230	—	—	—	—	642
272	127	6	33	230	—	—	—	—	643
272	127	6	33	230	—	—	—	—	644
272	127	6	33	230	—	—	—	—	645
272	127	6	33	230	—	—	—	—	646
272	127	6	33	230	—	—	—	—	647
272	127	6	33	230	—	—	—	—	648
272	127	6	33	230	—	—	—	—	649
272	127	6	33	230	—	—	—	—	650
272	127	6	33	230	—	—	—	—	651
272	127	6	33	230	—	—	—	—	652
272	127	6	33	230	—	—	—	—	653
272	127	6	33	230	—	—	—	—	654
272	127	6	33	230	—	—	—	—	655
272	127	6	33	230	—	—	—	—	656
272	127	6	33	230	—	—	—	—	657
272	127	6	33	230	—	—	—	—	658
272	127	6	33	230	—	—	—	—	659
272	127	6	33	230	—	—	—	—	660
272	127	6	33	230	—	—	—	—	661
272	127	6	33	230	—	—	—	—	662
272	127	6	33	230	—	—	—	—	663
272	127	6	33	230	—	—	—	—	664
272	127	6	33	230	—	—	—	—	665
272	127	6	33	230	—	—	—	—	666
272	127	6	33	230	—	—	—	—	667
272	127	6	33	230	—	—	—	—	668
272	127	6	33	230	—	—	—	—	669
272	127	6	33	230	—	—	—	—	670
272	127	6	33	230	—	—	—	—	671
272	127	6	33	230	—	—	—	—	672
272	127	6	33	230	—	—	—	—	673
272	127	6	33	230	—	—	—	—	674
272	127	6	33	230	—	—	—	—	675
272	127	6	33	230	—	—	—	—	676
272	127	6	33	230	—	—	—	—	677
272	127	6	33	230	—	—	—	—	678
272	127	6	33	230	—	—	—	—	679
272	127	6	33	230	—	—	—	—	680
272	127	6	33	230	—	—	—	—	681
272	127	6	33	230	—	—	—	—	682
272	127	6	33	230	—	—	—	—	683
272	127	6	33	230	—	—	—	—	684
272	127	6	33	230	—	—	—	—	685
272	127	6	33	230	—	—	—	—	686
272	127	6	33	230	—	—	—	—	687
272	127	6	33	230	—	—	—	—	688
272	127	6	33	230	—	—	—	—	689
272	127	6	33	230	—	—	—	—	690
272	127</								

[illegible][illegible]

